



Daily Report

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Daily Report

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16 September 1992

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General

Banning Arms Sales to Middle East Urged

OW1609040892 Beijing XINHUA in English
0312 GMT 16 Sep 92

[Text] Moscow, September 15 (XINHUA)—China today called on world powers to stop sales of sophisticated arms to Middle East countries so that a long-term peace in the region can be ensured.

The remarks were made by Sha Zukang, Chinese representative at the arms control and regional security working meeting of the Middle East multilateral peace talks, which opened here today.

"Developed countries exporting sophisticated weapons systems and their advanced parts to this region should pursue a responsible and prudent policy toward arms trade and exercise self-restraint," Sha said.

Meanwhile, in order to maintain peace and security, and to achieve a lower level of armaments, he said, it's necessary to prevent large quantities of arms from flowing into the region.

The Chinese representative also called on extra-regional countries, particularly powers having influence in the region, to respect the independence, sovereignty and security of Middle East countries.

However, the solution to arms control and disarmament issues depends primarily on the efforts of Middle East countries themselves, Sha said.

"We believe that on the issue of arms control in the Middle East, the proposals of the Middle East countries themselves must be listened to and fully respected," he said.

The Chinese representative called on Middle East countries to respect each other's sovereignty and refrain from interference in the internal affairs of each other.

Meanwhile, the Middle East countries "should not seek armaments and military expenditures exceeding their legitimate defensive needs," Sha said.

"Concrete steps toward Middle East arms control should, and can only, be initiated and agreed upon by Middle East countries themselves, through consultations and negotiations," he added.

UN Envoy Expresses Reservations About Bosnia

OW1509214092 Beijing XINHUA Domestic Service
in Chinese 0932 GMT 15 Sep 92

[By Liu Huorong (0491 3499 2837)]

[Text] United Nations, 14 Sep (XINHUA)—Li Daoyu, China's permanent UN representative, today pointed out at the Security Council that the UNPROFOR [UN Protection Force], in executing its mission as a UN peacekeeping operation, must abide by the series of

universally recognized guidelines established during past UN peacekeeping operations.

After the Security Council today voted 12-0 with three abstentions to adopt a resolution that authorizes an expansion of the mission and strength of the UNPROFOR, which is operating in Bosnia-Herzegovina, Li Daoyu issued a statement pointing out that China supports the humanitarian relief activities of the international community to alleviate the suffering of people of all nationalities in war-torn Bosnia-Herzegovina, particularly the valuable humanitarian efforts made by international organizations and the UNPROFOR. He said: "In principle, the Chinese delegation does not object to strengthening humanitarian relief activities. Nevertheless, this resolution links the expansion of UNPROFOR's function with the implementation of Security Council Resolution 770. We cannot agree to this."

The Security Council on 13 August adopted Resolution 770, calling on all countries to implement all necessary measures to provide humanitarian aid to Sarajevo and other areas in Bosnia-Herzegovina. Because the resolution authorizes various countries to use force in Bosnia-Herzegovina, China abstained from voting on this resolution.

In his statement today, Li Daoyu stressed that China cannot endorse any action relating to the implementation of Resolution 770. Therefore, it also abstained from voting on today's resolution.

Li Daoyu criticized the resolution for containing "disturbing elements" which depart from past UN peacekeeping guidelines. He said: "It is necessary to point out that Resolution 770 is a mandatory operation adopted through the invocation of Chapter VII of the UN Charter. We are worried that a link between this resolution and Resolution 770 will change the nonmandatory nature of UNPROFOR as a UN peacekeeping operation."

He contended that because the resolution authorizes UNPROFOR to use force in self-defense when armed individuals forcibly prevent it from carrying out its mandate, it could be plunged into the risk of getting involved in the armed conflict.

Li Daoyu also pointed out that the expansion of UNPROFOR's functions as prescribed by the resolution has not been clearly endorsed by the conflicting sides in Bosnia-Herzegovina, adding that the resolution has no provisions requiring UNPROFOR to report regularly to the Security Council about the implementation of its mandate.

He reiterated that the Chinese Government has consistently stood for and supported the peaceful resolution of the crisis in the areas of former Yugoslavia. "Historical experience shows that it is difficult to resort to the means of war to resolve either disputes among nationalities or conflicts among nations."

He called on all parties concerned in Bosnia-Herzegovina to seize the current opportune time, to agree to a complete cease-fire, and to resolve their differences and disputes via

dialogues and negotiations, including an international conference. He hoped that international efforts would lead to the realization of this goal.

Jiang Zemin Welcomes Commercial Seminar

*OW1509151692 Beijing XINHUA in English
1422 GMT 15 Sep 92*

[Text] Beijing, September 15 (XINHUA)—A two-day international commercial seminar opened here today, with the participation of over 200 business leaders, bankers and economists from 21 countries and regions.

Chinese Communist Party General Secretary Jiang Zemin met with the participants and called for closer international cooperation between Chinese enterprises and foreign business people.

Both Chinese and foreign industrialists, government officials and economic specialists offered their views at the seminar on the investment environment and development prospects in the Pearl River delta, Tianjin, Shanghai and Hainan.

Vice-Governor Liu Weiming from Guangdong Province said that the next two decades will be the crucial period for economic development in that province.

During the next decade, he said, the province will make greater efforts to develop energy, transportation, telecommunications and other facilities while accelerating the tertiary industry including science, technology, finance, commerce, real estate and information.

In the second 10 years, it will place stress on raising technological standards of the local hi-tech industry, he added.

High-ranking officials from Tianjin, Shanghai and Hainan also made speeches at the meeting, calling for broad economic cooperation with foreign investors.

The international seminar was sponsored by China International Intellectech Co. and Sri International of the United States.

State Councillor Leaves for World Bank Talks

*OW1609041292 Beijing XINHUA in English
0346 GMT 16 Sep 92*

[Text] Beijing, September 16 (XINHUA)—Chinese State Councillor Wang Bingqian, at the head of a delegation, left here today for Washington to attend the 1992 annual meeting of the World Bank and the International Monetary Fund (IMF).

NPC Chairman Meets Seminar Representatives

*OW1409122292 Beijing XINHUA in English
1122 GMT 14 Sep 92*

[Text] Beijing, September 14 (XINHUA)—Wan Li, chairman of China's National People's Congress

Standing Committee, today met with the representatives who are attending the "International Workshop on the Role of Women in Environmentally Sound and Sustainable Development" being held here between September 9 and 15.

The workshop is jointly sponsored by the economic and social development of the U.N., the International Research and Training Institute for the Advancement of Women of the U.N., the State Science and Technology Commission of China and the All-China Women's Federation.

More than 120 representatives from over 30 countries and relevant U.N. organizations attended the workshop.

Wan, on behalf of the NPC and the Chinese Government, congratulated the meeting on its successful convention in Beijing.

He said the meeting was held only three months after the Earth Summit in Brazil, which fully shows that the world attaches great importance to the global environment and the realization of its sustained development.

Wan noted that there are four major issues in the world, namely the issues of peace, development, environment and population.

Common efforts by the governments and peoples of all countries in the world and the women's positive involvement are needed to solve these issues, he said.

Wan said: "It is our consistent stand that women hold up half the sky. Departing from women, nothing can be done."

He said the Chinese Government is willing, together with the governments of all countries in the world, to promote the implementation of the resolutions of the Earth Summit and women's involvement in environmental protection and sustained development.

On the world women's conference to be held in China in 1995, Wan said this is an event that the women of all countries in the world will be happy with.

As the host, he said, the Chinese Government has the confidence in making the conference a success.

IPU Representative on Independent Foreign Policy

*OW1209061892 Beijing XINHUA in English
0529 GMT 12 Sep 92*

[Text] Stockholm, September 11 (XINHUA)—Facing the fast-changing and turbulent world today, China will stick to its independent and peaceful foreign policy, a Chinese representative said today.

Cai Zimin, member of the Chinese National People's Congress Standing Committee, made this statement today at the 88th Inter-Parliamentary Union (IPU) which opened here on September 7.

He said that the world now is at an important historic turning-point.

As the cold war ended, he said, new confrontations derived from history emerged and led to new conflicts and wars.

Facing the unstable and unpredictable world today, he said, China will independently decide its policies and positions on major international issues, never enter into alliance or forge strategic relations with any nations, and will continue to oppose hegemonism and power politics.

China will continue to make its efforts to safeguard world peace and guarantee a peaceful international situation for its modernization drive, he said.

Cai said that China will continue to develop relations with all countries on the basis of the Five Principles of Peaceful Co-Existence: mutual respect for each other's sovereignty and territorial integrity, non-aggression, non-interference in each other's internal affairs, equality and mutual benefit.

China will continue to strengthen solidarity and cooperation with developing countries and seek friendly relations with neighboring countries, Cai said.

Cai said that China calls for the establishment of a new international economic and political order in which peace, stability, development and cooperation prevail.

Article Evaluates Effect, Impact of NAFTA

OW1609105092 Beijing BEIJING REVIEW in English
No 36, 7-13 Sep 92 pp 9-10

[Article by Zhang Xiaodong: "NAFTA [North American Free Trade Agreement] and Its Impact"]

[Text] On August 12, the United States, Mexico and Canada concluded a historic pact—the North American Free Trade Agreement (NAFTA). The new accord, which capped more than 14 months of negotiations, was a result of US strategic adjustments under the post-cold war situation. It has the potential to influence the entire world economic structure.

US President George Bush said that "this is a good day for North America." The pact, Bush added, would spur economic growth in all three countries.

The end of the cold war has forced Washington to base its global strategy more on "geo-economics" than geopolitics. As Bush said in a statement issued August 12 after agreement on NAFTA was announced, "The cold war is over. The principal challenge now facing the United States is to compete in a rapidly changing and expanding global marketplace."

NAFTA will eliminate barriers to agricultural, manufacturing, and services trade. It will lift investment restrictions and safeguard intellectual property rights.

According to the agreement, tariffs on over 50 percent of US industrial and agricultural exports to Mexico, valued

at more than US\$17 billion, will be removed. Tariffs will be removed completely within 10 years.

US-made autos and light trucks will enjoy greater access in Mexico, which has the fastest growing auto market in the world. With NAFTA, Mexican tariffs on vehicles and light trucks will immediately be cut in half.

Mexico had long used high tariffs and licensing restrictions to promote its own industrial development and to limit imports. In 1986, Mexico joined the General Agreement on Tariffs and Trade and began reducing its tariffs and trade barriers. As a result, US-Mexico trade has since increased dramatically. US exports to Mexico now support almost 600,000 American jobs.

In 1991, US exports to Canada reached US\$85 billion and exports to Mexico US\$33 billion; the two countries sold US\$91 billion and US\$31 billion worth of goods to the United States respectively. The three-way trade volume totalled US\$250 billion.

The new, massive integrated market on the North American continent includes a population of 360 million and a gross output value of US\$6 trillion, the largest of any trade zone in the world. Many believe this will bring great economic gains to all three countries.

However, the signing of NAFTA has generated various repercussions in the United States. Many in the US Congress reacted cautiously to the proposed accord. Opposition was voiced by labor groups, and within automobile and farming-dominated areas of the country. Business community members were the pact's major supporters.

Nevertheless, there was general agreement that NAFTA will cause dislocations and job losses in some industries and that the Bush Administration must manage to design measures to deal with the problems.

The US international economic institute predicted that the NAFTA accord would help transfer some of American labour-intensive industries to Mexico, while keeping high technology industries at home.

The institute estimated that by 1995, the US will lose 150,000 low-technology jobs, while creating 320,000 high-technology employment opportunities. This will be conducive to US industrial adjustment and raise its economic competitiveness internationally.

Although some Mexicans are nervous about the accord, many believe that it will bring gains rather than losses to their country. Mexican President Carlos Salinas de Gortari said that the accord helped link Mexico with one of the world's major economic centres and aroused the attention of European and Asia-Pacific countries. Salinas stressed that NAFTA would accelerate Mexico's economic development.

Responses to the pact within Canada were mixed. Canadian business and economic circles welcomed the accord believing that the establishment of the free trade zone

will further promote the three countries' economic development and raise the region's competitiveness over Europe and the Asia-Pacific region.

Canada's opposition party and some labour organizations were strongly against the accord. They blamed free trade for Canada's ongoing economic recession. In the past year, in particular, US trade protectionism staged a comeback, leading to frequent frictions and disputes between the US and Canada on lumber and automobiles. A recent opinion poll showed that 70 percent of Canadians opposed free trade.

Brazil was also worried. Brazilian foreign minister said that his country would lose competitiveness in exporting to the United States due to Mexico's preferential treatment under the agreement.

Likewise, the accord's protectionist colour met with a chilly reception in Japan. Japanese government and business officials complained that the North American free trade pact may hurt Japanese automakers and increase pressure for setting up a trade bloc in Asia.

'Senior' Official Stresses Cultural Values

OW1509140392 Beijing XINHUA in English
1329 GMT 15 Sep 92

[Text] Geneva, September 15 (XINHUA)—A senior Chinese official said here today that the re-introduction of the cultural value of concern for others and for society was a task urgently challenging the world.

Zou Shiyun, vice-minister of the Chinese State Education Commission, said at the 43rd session of the International Conference on Education that many countries were facing a cultural crisis and moral deprivation that could not be ignored.

Zou, who is head of the Chinese delegation to the conference, said: "Today's education determines tomorrow's society, for education shoulders the heavy responsibility of disseminating and developing culture."

Without education, there would be no cultural understanding among members of society and it would be impossible for them to meet the challenge of the future.

Zou said it was necessary to incorporate education with the best cultural traditions of every nation, and to absorb the best cultural heritage so as to create a new culture cherished by modern society.

He expressed China's willingness to develop educational exchanges and cooperation with all other countries.

The six-day conference, with the theme "education and culture," opened on Monday [15 September]. It was organized by UNESCO and is attended by representatives from more than 110 countries. It will discuss the management of education, interculturalism and the enrollment of foreigners in schools.

United States & Canada

Government 'Will Not Accept' MFN Conditions

HK1509130692 Hong Kong Television Broadcasts
Limited in English 1110 GMT 15 Sep 92

[From the "News at 7:10" program]

[Text] The U.S. Senate today voted in favor of attaching conditions to the renewal of China's most favored nation [MFN] trade status. The bill was passed by a voice vote, making it impossible to say if there is enough support to override an expected presidential veto.

In Beijing, a senior trade official, Wu Yi, said any conditions are unacceptable. Lorraine Han reports from the Chinese capital:

[Begin recording] [Han] Wu told TVB News an imposition of conditions on China's special trading privilege will be flatly rejected by Beijing. She said Washington must treat the mainland fairly and not force it to make any further concessions. However, Wu is optimistic that U.S. President George Bush will oppose any bill which seeks to slap conditions on MFN renewal.

[Wu Yi, in Mandarin] We will not accept attaching any conditions. There is no need to attach conditions.

[Han] Meanwhile, a Sino-U.S. discussion on market access is into its second day in Beijing. There are no signs of any breakthrough. The vice minister warns any additional U.S. demands to open China's markets wider to U.S. products will not be tolerated. Wu adds if Washington continues to increase its demands at each meeting, this might jeopardize further trade talks.

[Wu Yi, in Mandarin] They just cannot press increasingly higher demands. Agreement only will be reached on the basis of equality and mutual concessions.

[Han] Wu says Beijing is determined to resolve the 301 trade issue, adding a Chinese delegation will travel to Washington at the end of this month for working-level discussions. [end recording]

China 'Not Intimidated'

HK1609035292 Hong Kong CHING CHI JIH PAO
in Chinese 16 Sep 92 p 11

[Report: "Chen Keqiang, Head of Economic Department of XINHUA Hong Kong Branch, Says China Will Never Accept Most Favored Nation Status With Conditions Attached"]

[Text] Chen Keqiang, head of the economic department of XINHUA's Hong Kong Branch has said: China will never accept the conditional most favored nation [MFN] status from the United States that the U.S. Congress has proposed. He stressed that MFN treatment is based on a reciprocal agreement between the two countries. If the

agreement is revoked, U.S. goods entering China will not enjoy MFN tariff treatment either.

Chen Keqiang stressed that China hopes the United States will observe the original principles of the MFN agreement and will continue to extend this treatment to China unconditionally on the basis of mutual benefit, enabling China to continue to give U.S. goods the same preferential treatment. Therefore, the future of the MFN issue hinges on what the United States plans to do. He also pointed out: In fact, by examining the conditions for renewing China's MFN status every year, the United States has already basically violated the original principles of the agreement, and this represents a case of discrimination against China.

He also pointed out: China is not intimidated by the possibility of the revocation of MFN status because if it is revoked, China will not be the only victim, as U.S. exports to China will also have to suffer.

Chen Keqiang emphatically said: China still hopes that the United States will handle this issue according to the principle of equality and mutual benefit.

Column Criticizes Selling Fighters to Taiwan

*HK1509123792 Beijing FAZHI RIBAO in Chinese
11 Sep 92 p 4*

["International Forum" column by Tian Ri (1131 2480): "A Grave Step Which Disrupts Regional Peace and Development—Commenting on the Bush Administration's Decision To Sell Fighter Planes to Taiwan"]

[Text] The Bush administration claimed that its 2 September decision to sell 150 F-16's to Taiwan was to "safeguard regional peace and stability." These were sheer deceitful words. In fact, this erroneous decision by the Bush administration has seriously jeopardized peace and stability in the Taiwan Strait area and endangered the peace and tranquillity of the Asia-Pacific region.

The situation between the two shores of the Taiwan Strait has tended toward being increasingly relaxed and tranquil with each passing day in recent years, and cross-strait, nongovernment ties have continuously developed and expanded. Statistics show that the number of enterprises with Taiwan business investment was only 80 in 1987, with an agreed investment volume of \$100 million. By 1991, the number of projects with Taiwan business investment was 3,800, with an agreed investment volume of \$3.4 billion. Cross-strait trade volume grew from \$310 million in 1980 to \$4.045 billion in 1990. The present relaxed situation in the Taiwan Strait is the result of the common efforts of all Chinese people, including the Taiwan people. China's peaceful reunification has become the common aspiration of the people on the two shores.

Regardless of the aspirations for peaceful reunification of the Chinese people on the two shores, the Bush administration has brazenly violated the stipulation in

the Sino-U.S. "17 August" Joint Communique and seriously escalated its arms sales to Taiwan. Obviously, the U.S. sale of F-16's to Taiwan is deliberately aimed at creating tension in the Taiwan Strait, sabotaging the progress of China's peaceful reunification, and, in essence, creating "two Chinas" in an attempt to permanently separate Taiwan from China, thus gravely jeopardizing peace and stability in the Taiwan Strait area. In defense, some people in the United States said that the U.S. Government's decision to sell F-16's to Taiwan aimed at maintaining a balance of power in view of the fact that China first decided to purchase advanced fighter planes from foreign countries, thus it was conducive to the peace and stability of the Taiwan Strait area. Such lame arguments and perverted logic do not hold water. As a sovereign state, China has the right to adopt measures to increase her own defense. This falls in line with the interests of all the Chinese people and is above reproach. That China has decided to purchase a limited amount of foreign weapons is entirely a matter within the realm of China's sovereignty; no foreign countries have the right to intervene. Here, we must point out that Taiwan is part of China; the essence of U.S. insistence on spreading voluminous advanced weapons to China's territory, Taiwan Province, under the pretext of "maintaining the balance of power" lies precisely in its continuing to regard Taiwan as an "unsinkable aircraft carrier" aimed at China. Would that be conducive to peace and stability in this area?

The progress and retrogression of Sino-U.S. relations have a bearing on the whole situation in the Asia-Pacific region. Everybody is clear that the three Sino-U.S. communiqués initiated in the decade between 1972 and 1982 formed the foundation of normalizing Sino-U.S. diplomatic relations. The U.S. Government made a commitment in the 1982 Sino-U.S. "17 August" Joint Communique that it would implement a policy of long-term restriction in quality and quantity on arms sales to Taiwan, which would gradually be cut back and eventually resolved after some time. However, over the past decade the U.S. Government has repeatedly gone back on its own word. In the first few years after publication of the communique in question, U.S. arms sales to Taiwan amounted to an annual average of several hundred million dollars; it has now escalated to several billions of dollars in a single arms deal. Furthermore, the quality of arms sold to Taiwan has also escalated. In the past, various types of guided missiles and aircraft were sold to Taiwan and now the United States has decided to sell Taiwan the high-quality offensive F-16's. The United States has gone further and further from the road of the "17 August" Communique and seriously jeopardized and caused deterioration in Sino-U.S. relations. This being the case, it will inevitably endanger peace and stability in the Asia-Pacific Region. This has already roused the concern and anxieties of world public opinion.

Japan's MAINICHI SIMBUN's 5 September editorial stated that the abrupt U.S. announcement to sell 150 F-16's to Taiwan had obviously violated the Sino-U.S. Joint Communique on the gradual cutback of arms sale

to Taiwan and resulted in a deterioration of Sino-U.S. relations. The editorial believed that this U.S. action would eventually help arms expansion in Asia. A SANKEI SHIMBUN article said that the U.S. decision to sell F-16's to Taiwan would also lash at the Japanese Government because this U.S. action ran counter to world developing trends and would probably aggravate tension in the Southeast Asia region. Russia's IZVESTIYA newspaper in a 7 September commentary stated that the Bush administration's sale of F-16's to Taiwan had placed Sino-U.S. relations in a dangerous position. The 7 September commentary in THE AUSTRALIAN stated that the U.S. decision to sell F-16's to Taiwan would probably greatly jeopardize China's relations with the West and affect peace and security in a comparatively tranquil region in today's world.

Relations in 'Difficult Period'

HK1609070092 Hong Kong WEN WEI FO in Chinese
16 Sep 92 p 2

["Special Article" by Chu Hsing-fu (2612 1630 4395),
WEN WEI FO Washington special correspondent:
"Sino-U.S. Relations Enter a Difficult Period"]

[Text] Washington, 15 Sep—THE WASHINGTON POST cited a U.S. Government official who took part in the talks concerning the 1982 Sino-U.S. Joint Communiqué, saying that the decision made by the U.S. Government to sell 150 F-16 jets to Taiwan has apparently violated the 17 August Communiqué signed by the Chinese and U.S. Governments in 1982. The official, who was unwilling to be identified, said that the 17 August Communiqué does not allow the United States to change its commitment made on gradually reducing arms sales to Taiwan because of the changes in military strength across the Taiwan Strait.

A noted Sinologist from the U.S. International Research Institute on High-Level Issues also pointed out that the three joint communiqués signed between the United States and China have served as the cornerstone of U.S.-PRC relations in recent years. The U.S. Government decision to sell F-16 jets to Taiwan is tantamount to "abrogating one of the three communiqués." Unless the U.S. Government takes action to stabilize the situation, the Sinologist believed that the decision of the U.S. Government will accelerate the declining trend in U.S.-PRC ties.

China's Choice

In face of the U.S. Government's mistaken decision, what should the Chinese Government do? It hopes that the U.S. Government will revoke the order, as this is the best plan for settling the current crisis in Sino-U.S. relations. It is quite natural for the Chinese Government to make such a request. Viewed from the current situation, however, it is unlikely that the U.S. Government will revoke the decision to sell F-16 jets to Taiwan. The main reason is that the position of politicians of the two parties, the government, and public is basically identical:

For the sake of the immediate political interests and to partially ease domestic economic problems, the United States can temporarily sacrifice the interests of China. If the United States insists on selling jets worth \$6 billion to Taiwan—disregarding opposition and protests from the Chinese side toward the United States—China may have the following two options:

First, react immediately and strongly. For example, China can announce its withdrawal from the arms control talks of the five major powers and refuse to cooperate with the United States in the United Nations Security Council. Furthermore, China can declare a cooling in diplomatic ties between the two countries. In the years when the Netherlands decided to sell submarines to Taiwan, China took the retaliatory measure of reducing diplomatic ties. If China decides to withdraw from the international arms control conference, it means that the United States will have no right to interfere in the variety and amount of arms and missiles sold by China to other countries. Since the world's largest arms supplier, the United States, has violated the bilateral commitment and has planned to promote sales of F-16 jets at China's doorway, is it necessary for China to bind itself in the future?

Resist First by Reasoning

Second, apart from lodging protests, do not take any retaliatory measures for the time being. China will first fight back by reasoning through closed doors and will ask the United States to undertake the responsibilities for its decision and adopt remedial measures. If the two sides cannot reach an agreement because of their divergent views, China will have no other choice but to react strongly. Otherwise, other West European countries, believing that China is weak and can be bullied, will also interfere in China's internal affairs and undermine China's peaceful reunification.

If China takes the first option now, the whole situation will take a sudden turn and a retrogression will be unavoidable in Sino-U.S. relations. It has been reported that the U.S. Government is most worried about such a result. The U.S. Senate is to deliberate on China's most favored nation [MFN] status. As long as China reacts strongly at this moment, the arrogant Congressmen who are hostile to China will fly into a rage and immediately revoke China's MFN status. Then, even if Bush wants to extend China's MFN status, he will be unable to do what he intends to do, and it will be impossible for him to maintain his effective veto power over Congress. If the United States revokes China's MFN status, China will surely return a blow for a blow.

Both Sides Will Suffer

If China temporarily exercises restraint and reserves the right to make further representations and react strongly, the pace and extent of the retrogression in Sino-U.S. ties can probably be brought under control and be slowed down for the time being, which may minimize the harm to Sino-U.S.

relations. However, it will be difficult for the United States to benefit from China in the future. China and the United States are now holding talks on market access. The two sides could actually reach an honorable agreement before 10 October. As the United States has decided to sell F-16 jets to Taiwan, it is unlikely that China will make any concession at the talks. If the United States retaliates against China with its hit trade list worth \$3.9 billion, it will undoubtedly add fuel to the fire in China. The Chinese side has also introduced a counter-retaliatory list worth \$4 billion. If retaliation and counter-retaliation measures are taken by the two countries, confrontation and retaliatory action of the two sides will gradually escalate, making both sides suffer.

China will suffer an enormous economic loss from the big retrogression in Sino-U.S. ties, but the United States will also have to pay an exorbitant price. Viewed from the political angle of the United States, when China suffers from setbacks in its reform and opening up, it will be difficult for the United States to exert all kinds of influence and pressure on China. The U.S. Congressmen, who have focused their attack on China's human rights but ignored their own records, will probably have to face unemployment or a transfer. Viewed from an economic angle, the United States will lose China's big potential market which has a population of 1.1 billion, large numbers of U.S. workers will lose their jobs, and U.S. consumers will no longer be able to purchase cheaper and better Chinese-made goods.

How To Settle the Crisis

An analysis from the angle of U.S. domestic politics shows that deterioration of Sino-U.S. ties will not in any way help Bush in running for another term of office. In all fairness, Bush has been good toward China in both policies and attitude over the past few years. However, the U.S. Government's decision to sell highly efficient weapons to Taiwan has apparently violated the Sino-U.S. Joint Communiqué signed by the two countries on 17 August 1982, seriously hurting the feelings of the Chinese people.

No matter how China and the United States handle the current serious crisis, Sino-U.S. relations have entered a difficult period. Whether the relations between the two countries will continue to retrogress depends on the ways and means adopted by the two countries in settling the crisis and difficult problems. If there is a lack of calmness in handling the crisis and if the U.S. Government fails to revoke the order or make strenuous efforts to stabilize Sino-U.S. ties, we cannot expect any optimism in relations between the two countries in the years ahead.

Zhu Rongji Meets U.S. Businessman in Beijing

OW1509125592 Beijing XINHUA in English
1206 GMT 15 Sep 92

[Text] Beijing, September 15 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with William Almon, president of the Conner Peripherals, Inc. of the U.S., here this afternoon.

Zhang Xuedong, general manager of the China Electronics Industry Corporation, was present at the meeting.

After the meeting, the China Electronics Industry Corporation signed a contract with the Conner Peripherals, Inc. on setting up a joint venture—Conner Shenzhen Peripherals Co. Ltd. in co-producing hard disk drives with total investment of eight million U.S. dollars.

The joint venture is scheduled to go into operation by the end of this year.

Joint Venture Established

OW1509124992 Beijing XINHUA in English
0944 GMT 15 Sep 92

[Text] Beijing, September 15 (XINHUA)—An agreement was signed today between the China Electronics Corporation, China's state-run electronics syndicate, and Conner Peripherals Inc. of the United States to produce peripherals for computers.

The eight-million-U.S.-dollar joint venture, which will be located in Shenzhen, is scheduled to produce one million 40- to 200- magnet hard disk drives.

Conner Peripherals is the world's second-largest producer of peripherals. The company provides spare parts for the world's major computer companies such as Compaq, IBM and most of the Chinese computer companies.

The Sino-U.S. venture is expected to go into production at the end of the year.

Minneapolis Mayor, Delegation Meet Zhu Rongji

OW1509125792 Beijing XINHUA in English
1209 GMT 15 Sep 92

[Text] Beijing, September 15 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Donald M. Fraser, mayor of Minneapolis of the U.S., and his party here this afternoon.

Northeast Asia

Newsmen Leave for 'Goodwill Visit' to ROK

OW1609073992 Beijing XINHUA in English
0725 GMT 16 Sep 92

[Text] Beijing, September 16 (XINHUA)—A group of three Chinese newsmen from the ECONOMIC INFORMATION DAILY (EID) of the XINHUA NEWS AGENCY left here today for a two-week goodwill visit to the Republic of Korea (ROK) at the invitation of the ROK press center.

The group, headed by EID deputy editor-in-chief Ye Zhixiong, was the first of its kind to visit ROK since the establishment of diplomatic relations between China and ROK last month.

During their stay in ROK, the Chinese newsmen are going to meet with officials from the offices of the

president and the prime minister and the ministry of foreign affairs as well as from the ministry of economic planning.

The group is also expected to exchange views with their ROK counterparts and meet personalities of various circles during their tour of Seoul, Suwon, Taejeon, Panmunjon and other places.

Li Ruihuan Meets 'Japan Foundation' President

*OW1609115292 Beijing XINHUA in English
1118 GMT 16 Sep 92*

[Text] Beijing, September 16 (XINHUA)—Li Ruihuan, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with Shinichiro Asao, president of the Japan Foundation, here this afternoon.

Li expressed his appreciation for the Japan Foundation's efforts in promoting cultural, educational and academic exchanges between China and Japan.

Li said that since China is speeding up reform and opening wider to the outside world, economic exchanges are accompanied by cultural exchanges.

He expressed the hope that the two sides would make joint efforts in strengthening such exchanges and cooperation.

Asao said that the Japan Foundation attaches importance to cultural exchanges with China.

He hoped new ways of cooperation would be worked out in expanding such exchanges.

Chinese Vice-Minister of Culture Gao Zhanxiang was present at the meeting.

Asao arrived here Monday [14 September] to attend the opening ceremony for an exhibition of Japanese paintings at the invitation of the Chinese ministry of culture.

Group Seeks War Reparations From Japan

*HK1609084292 Hong Kong SOUTH CHINA
MORNING POST in English 16 Sep 92 p 2*

[By Geoffrey Crothall in Beijing and Willy Wo-lap Lam]

[Text] A fast-growing private organisation has called on ethnic Chinese all over the world to demand that Japanese Emperor Akihito make compensation for war victims in China and apologise for atrocities.

Mr Tong Zeng, the head of the China Non-Governmental Committee to Claim Compensation from Japan, also disclosed he had found at least 12 "comfort women" who were forced to serve Japanese soldiers in China.

Mr Tong, a researcher at China's Centre for Gerontological Research, yesterday sent an open letter to Chinese

groups in Hong Kong and around the world asking them to sign a petition demanding damages from Tokyo.

Mr Tong claimed his committee, which encompasses more than 20 local groupings, had collected 300,000 signatures demanding reparations.

He also indicated that it had the support of more than 100 members of the National People's Congress.

Mr Tong and his group hope to extract an apology from the emperor during his visit late next month but senior Chinese officials have already indicated that Beijing will not be applying any pressure for a formal apology.

Mr Tong did not specify what action his committee planned during the imperial visit but observers said it was unlikely members would be given permission to demonstrate.

"I do not want to say whether there will be demonstrations," he said yesterday.

Mr Tong said he planned to formally register his grassroots organisation with the government as soon as possible.

However, analysts said the authorities were unlikely to approve the committee until well after Emperor Akihito's visit to avoid diplomatic upsets.

Mr Tong said the 1,000-odd volunteers working for the committee had found at least 12 "comfort women" in the provinces of Hubei, Shaanxi, Shandong, and Hebei.

"Several in Hubei are ethnic Koreans who were kidnapped by Japanese soldiers and brought into China," he said.

"They have lived and worked in China since the war and they want compensation from the Japanese Government."

The activist said the "comfort women" and their relatives had demanded damages ranging from US\$40,000 (HK\$309,080) to US\$120,000 per person.

Preliminary research showed 2,000 to 4,000 Chinese women were forced to serve as sex slaves for the imperial army.

Mr Tong said the activities of the volunteers had received "neither obstruction nor encouragement" from the Government.

In his petition, he says that only through adequate compensation "can the souls of the dead be consoled" and "ruthless militarism punished".

"Although there are many reasons why Japan has played the role of a fierce neighbour so many times, an important one is that it has not received due punishment," the petition says.

"Who can guarantee that Japan will not invade our country on an even larger scale next century. Who can

guarantee that our descendants won't suffer even greater killing and insult in the future."

Japanese Banks To Open Branch Offices

HK1609075592 Beijing CHINA DAILY in English
16 Sep 92 p 1

[By staff reporter Wang Yong: "Japan's Banks To Enter China"]

[Text] A group of top Japanese banks are ready to open branches in China as Japan's financial community finally gets rolling in China.

Chinese trade analysts, speaking at a seminar in Beijing yesterday, said this move marks a change in Japan's wait-and-see attitude toward investment in China, which has left Japan's financial circles behind other aggressive foreign competitors, like the United States.

The People's Bank of China, the country's central bank, has just given Japanese banks approval to set up wholly-owned subsidiaries in Dalian, Tianjin, Guangzhou, Fuzhou, Qingdao, Ningbo and Nanjing.

The Japanese banks are allowed to conduct foreign exchange business in these cities.

The Osaka-based Sumitomo Bank, one of the largest banks in the world, is poised to branch out into Guangzhou, reliable sources said.

Another Japanese bank is ready to set up a subsidiary in Qingdao to facilitate Sino-Japanese fishery trade.

So far, most Japanese banks have only set up offices in China. Earlier this month, the Bank of Tokyo and the Industrial Bank of Japan were given approval by the People's Bank of China to open branches in Dalian in North China.

Wu Delie, deputy director of the China Institute of Asia-Pacific Economics, predicted more Japanese banks will arrive following the "current breakthrough."

He made the remarks at a seminar on Sino-Japanese trade and financial co-operation in Beijing yesterday.

The seminar, which ends today, is being sponsored by the University of Foreign Economic Relations and Trade under the auspices of the Japan International Exchange Fund.

Wang Wendong, Vice-Minister of the Ministry of Foreign Economic Relations and Trade (Mofert), said strengthened financial cooperation between the two countries would be "conducive to the construction of China's market economy."

Makoto Sakurai, director-general of the Mitsui Marine Research Institute, will give a speech today on the development of Japanese financial and capital (securities) markets, providing China's burgeoning security market with some "tips."

Xue Rongjiu, professor with the sponsoring university, said Japan will probably seek closer trading relations with China as two major trading blocks have been formed in Europe and North America.

But he said Japanese investment in China is still in a primary stage because of worries in the business community about the continuity of China's reform policies.

Nonetheless, Xue pointed out, Japanese investment in China is picking up and will hit a record high this year.

Mofert officials have forecast two-way trade will surpass \$24 billion this year, up from the 1991 figure of \$20.28 billion.

Southeast Asia & Pacific

Justice Minister on Visit to Singapore

OW1409144692 Beijing XINHUA in English
1412 GMT 14 Sep 92

[Text] Singapore, September 14 (XINHUA)—China should improve its legal system to meet the greater changes after economic reform, said visiting Chinese Justice Minister Cai Cheng here today.

So far, China has set up 120 laws, including constitution, the penal code and civil laws. Policies on law enforcement, internal security and the judiciary were also improved in the last decade, he said.

"There is a fervor for change, financial activities like issuing of shares, sales of shares to foreigners and trading in property are more widespread now. So we need legal safeguards," he said.

Cai Cheng and his 5-member delegation arrived here from Malaysia on Thursday [10 September] for an official visit.

During his visit, he met with Senior Minister Lee Kuan Yew, Minister for Law S. Jayakumar, Chief Justice Yong Pung How, Attorney-General Chan Sek Keong and speaker of parliament Tan Soo Khoon.

Cai said he agreed with Senior Minister Lee Kuan Yew that a modern market economy needed a complete legal system and that laws were needed to ensure the stability of the country.

Cai welcomed Singapore lawyers to provide in China juridical services for Singaporeans and foreign investors and businessmen.

The Chinese delegation leaves here tomorrow for Jakarta.

Goes to Indonesia

*OW1609100692 Beijing XINHUA in English
0937 GMT 16 Sep 92*

[Text] Jakarta, September 16 (XINHUA)—Indonesian Vice-President Sudharmono wished here today that bilateral cooperative relations between Indonesia and China in justice will further promote their existing cooperation in other fields.

He made the remarks this morning at the vice-presidential office when he received Chinese Minister of Justice Cai Cheng.

Cai told XINHUA after his meeting with the vice-president that the aim of his visit to Indonesia is to further develop China's cooperative relations with Indonesia in various fields, in the justice field in particular.

He also said that he and his party would like to use this visit as a good opportunity to make an on-the-spot investigation about Indonesia's judicial system, hoping to learn some experiences in this field.

The minister and his five-member delegation arrived here Tuesday [15 September] to pay a five-day return visit to Indonesia upon an invitation from Indonesian Minister of Justice Ismail Saleh, who paid a visit to China last May.

In their talks Tuesday, the two ministers expressed satisfaction to the implementation of the memorandum of understanding on immigration signed by the two countries in Beijing last May.

The two ministers also agreed to extend the memorandum of understanding to the end of this year to get more satisfactory results.

The Chinese minister and his party today called on the chief of supreme court and visited several law installations. They will also visit Bandung and Bali.

Before arrival here, they visited Malaysia and Singapore.

Wang Bingqian Meets Australian Delegation

*OW1409130692 Beijing XINHUA in English
1219 GMT 14 Sep 92*

[Text] Beijing, September 14 (XINHUA)—Chinese State Councillor Wang Bingqian met with Geoffrey Miller, director-general of the Office of National Assessment of Australia, at the Diaoyutai State Guesthouse here today.

Miller came here Sunday [13 September] for a six-day visit as guest of the Chinese Foreign Ministry.

During the meeting, Wang said that since the establishment of diplomatic relations between the two countries 20 years ago, the bilateral relations have developed smoothly and yielded rich results, which is in the interests of the two peoples.

China has always attached importance to its friendly ties of cooperation with Australia, Wang said.

On his trip to China, Miller said that he has come to learn more about China's economic development and opening policies.

He said that it has been the policy of the Australian Government to develop friendly cooperation with Asian countries, and with China in particular. He expressed the belief that the prospects for Sino-Australian ties would be bright.

After the meeting, Chinese Vice-Foreign Minister Liu Huaqiu held talks with Miller. They exchanged views on bilateral relations as well as international and regional issues.

CPPCC Vice Chairman Meets Vietnamese Guests

*OW1609062692 Beijing XINHUA in English
0551 GMT 16 Sep 92*

[Text] Beijing, September 16 (XINHUA)—Ma Wenrui, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met with a Vietnamese radio and television delegation here this morning.

Chinese Vice-Minister of Radio, Film and Television Ma Qingxiong and Liu Xiliang attended the meeting.

The delegation, headed by president and editor-in-chief of the Vietnam Television Station Pham Khac Lam, came here on September 13 as guests of the Chinese Ministry of Radio, Film and Television.

The two sides signed an agreement on radio and television between the two countries on September 14.

Mineral Resources Joint Venture With Singapore

*HK1609073592 Beijing CHINA DAILY in English
16 Sep 92 p 1*

[By staff reporter Xie Yicheng: "Singapore, China Go Prospecting in SE Asia"]

[Text] China set up its first geological joint venture with Singapore yesterday, especially committed to prospecting and mining in Southeast Asia.

The formation of the geological equity venture, Sino Geology Private Ltd, was announced by China National Geological Technology Development and Import & Export Corp, and Gajah Tunggal International (Singapore) Private Ltd at yesterday's news briefing in Beijing.

The move is part of a fresh approach by the Chinese geological sector, in the midst of opening up, to form close partnerships with overseas firms to tap minerals badly needed at home or to achieve good economic results. Song Ruixiang, vice minister of geology and mineral resources, expressed his wish to give major impetus to further opening and reform of the ministry

and to enhance China's bid to squeeze into world economic and technical markets by initiating ventures of this kind.

"This is very advantageous to both the Chinese and Singaporean sides in the realm of geology and mining," he said.

China boasts a contingent of the technically elite in geology and mining, and its geological equipment and instruments display an ever-increasing competitiveness among developing countries such as those of Southeast Asia.

Near East & South Asia

Qian Qichen Arrives in Israel; Met by Peres

OW1509212092 Beijing XINHUA in English
2109 GMT 15 Sep 92

[Text] Jerusalem, September 15 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen arrived in Israel today on a three-day visit.

Qian, the highest-ranking Chinese Government official to visit Israel since the two countries established diplomatic relations in January, was met at the airport by his Israeli Counterpart Shim'on Peres.

The Israeli foreign minister told reporters that "it is a historical event that the Chinese foreign minister visits Israel for the first time."

Qian said in a written statement that "I am glad to see that the establishment of diplomatic relations between China and Israel in January this year has opened a new chapter in our bilateral relations."

"I am convinced that further development of Sino-Israeli relations not only conforms to the fundamental interests of the two countries and peoples but also contributes to peace and development in this region and the world at large," he added.

During his stay in Israel, Qian will meet with Peres and other Israeli officials to discuss bilateral relations, Middle East and other international issues.

As a permanent member of the U.N. Security Council, China supports the ongoing Middle East peace process and efforts to seek a peaceful solution to the protracted Arab-Israeli conflict.

Stresses Need for Peace Efforts

OW1609123992 Beijing XINHUA in English
1219 GMT 16 Sep 92

[By Li Hongqi]

[Text] Jerusalem, September 16 (XINHUA)—Chinese Foreign Minister Qian Qichen said here today that the

worldwide changes have offered a good opportunity for a solution to the Middle East problem, but greater efforts must be made.

Emerging from a two-hour meeting with Israeli Foreign Minister Shim'on Peres this morning, Qian said through his interpreter that the protracted Middle East issue now finally has the opportunity for a solution.

"It is time for contribution to be made to peace in the region and in the world as a whole," added Qian, who is the first senior Chinese Government official to visit Israel since the two countries established diplomatic relations in January.

He arrived in Israel Tuesday night [15 September] for a three-day visit. Bilateral ties, the Middle East issue and other international issues of common concern are the main subjects in his talks with Israeli leaders.

Speaking to reporters, Qian expressed the belief that despite the opportunity for substantive progress in the Middle East peace process, the situation is still "fragile" and the tasks confronting the parties concerned are still arduous.

"The Chinese Government welcomes the flexible policies and approaches adopted by the new Government of Israel and we hope the Israeli Government will make still greater efforts," the Chinese official said.

"It is also our hope that all the concerned parties to the Middle East question and the international community as a whole will make joint efforts so as to find a solution to the Middle East question," he added.

The Chinese foreign minister said he hopes there will be closer cooperation in all fields between the two countries because "this will not only benefit the peoples of the two countries but also contribute to peace and stability in the region and the world as a whole."

Qian said that he had conversations with his Israeli counterpart in a "friendly, extremely frank and relaxed atmosphere." Peres informed him of the Washington peace talks in detail.

Peres expressed his appreciation at China's readiness to contribute to the Middle East peace process.

Both sides expressed satisfaction over the developments in bilateral relations.

Qian is going to meet with Israeli President Hayim Herzog this afternoon and Prime Minister Yitzhaq Rabin Thursday.

He also plans to meet with Palestinian representatives before he leaves Friday.

Criticizes U.S. F-16 Decision

*OW1609131992 Beijing XINHUA in English
1303 GMT 16 Sep 92*

[Text] Jerusalem, September 16 (XINHUA)—Visiting Chinese Foreign Minister Qian Qichen today rapped the U.S. decision to sell advanced jet fighters to Taiwan.

Speaking to reporters after meeting with his Israeli counterpart Shim'on Peres, the Chinese official said that the U.S. decision to sell 150 F-16 fighter planes to Taiwan has violated an agreement between the U.S. and China.

The United States recognizes Taiwan as one of China's provinces. Washington's decision to strike the large arms deal with Taiwan has provoked strong protest from Beijing.

China has informed the United States of its decision to withdraw from the talks among the five permanent members of the U.N. Security Council on arms control in the Middle East.

Asked for clarifications on the Chinese decision, Qian said, "in arms control, good faith is first and foremost. It is extremely important."

"Without good faith, it will be hard to have arms control. Therefore, under the present circumstances, China finds it difficult to take part in the negotiations on arms control by the five permanent members of the Security Council," he added.

However, the Chinese official stated that the matter of when China will participate in the negotiations is open for discussions.

Asked if China would also boycott the Mideast multilateral talks due to be resumed in various capitals in the world, Qian said, "China has not refused to take part in the multilateral talks. As a matter of fact, China has taken part in such talks."

Further on Visit

*HK1609075092 Hong Kong TA KUNG PAO
in Chinese 16 Sep 92 p 2*

["Political Talk" column article by Shih Chun-yu (2457 0689 3768): "Chinese Foreign Minister Visits Israel for the First Time"]

[Text] Developing Bilateral Relations

Chinese Foreign Minister Qian Qichen went arrived in Israel yesterday. This is the first time the Chinese foreign minister has visited Israel since the two countries established diplomatic relations this past January. It has been more than four decades now since the war ended. Israel was one of the first countries that recognized China, however the two countries did not establish diplomatic relations until early in the year. The Chinese foreign minister's first visit to Tel Aviv reflects the tortuous

changes in the post-war international situation. The Middle East situation, in particular, has been a serious obstacle to exchanges between China and Israel. On the other hand, the fact that China has adopted an independent foreign policy of peace and has been flexible and practical since its reform and opening to the outside world has also promoted the normalization of their relations.

During this visit, Qian Qichen will mainly discuss the development of bilateral relations and will exchange views on the Middle East question and other questions of common concern; that is, by mainly developing bilateral relations, the two countries and their peoples will practically benefit from economic, scientific, and technological exchanges.

The establishment of diplomatic relations between China and Israel is conducive to promoting peace in the Middle East. The Middle East has experienced four wars and a East-West cold war period. It has always been the most fragile point in the world, a place where war easily breaks out. It was not until the disintegration of the former Soviet Union and the end of the Gulf war more than a year ago that U.S. prestige and influence began to increase in the Middle East. On the precondition of maintaining U.S. interests in the Middle East, Bush is also fully aware that the crux of Middle East crises is the Palestinian question and that if Israel continues to prevent Palestinians from founding a country, there will never be peace in the Middle East; this will ultimately threaten the interests of the West. Therefore, he appointed Secretary of State Baker as a special envoy and sent him to the Middle East to mediate Israeli-Arab peace talks many times and asked Israel to abide by the UN resolutions regarding the Middle East question by "exchanging peace with land" and conditionally allowing Palestine to found a state.

Prime Minister Rabin Resumes Israeli-Arab Peace Talks

At present, the new Israeli Government headed by Rabin has resumed peace talks with the Arab countries concerned. Rabin is different from the previous "hawk faction," the diehard Peres' cabinet, in that first he ordered freezing the settlement of Jews in the occupied Arab territories and stated that he is willing to hold talks with the Arab countries on the principle of "exchanging peace for land" to bring about autonomy for the Palestinians. Although a gap still exists between the two sides, the Arab side holds that Rabin's attitude of being willing to "exchange peace for land" is positive and acceptable. This has brought a ray of hope for lasting peace in the Middle East. If the two sides are sincere in this regard, it is possible for the 40-year-odd turbulence and crisis to change to peace.

Establishment of Diplomatic Relations Between China and Israel Is Conducive to Peace in the Middle East

As one of the permanent members of the UN Security Council, China has adopted an impartial position on the

Gulf situation and for the resolution of the Afghanistan and Cambodia issues and has thus won the deep approval of numerous Third World countries. Likewise, China's attitude toward the Middle East has also won the just appraisal of world opinion. China's position on the Middle East question is: First, it always supports the resolution of the Israeli-Arab dispute by political means. Second, it favors that the two sides to the talks should have good faith, adopt flexible attitudes, and must make necessary compromises and concessions; that is, the questions of the occupied Palestinian territories and of the legitimate rights of the Palestinian people should be settled, while the sovereignty and safety of all Middle East countries, including Israel, should be respected and safeguarded.

Since the establishment of diplomatic relations between China and Israel is conducive to promoting peace in the Middle East, the Israeli Government puts stock in the Chinese foreign minister's visit and will discuss the current question of peace in the Middle East with him. Moreover, China maintains good relations with the Arab countries, and during the course of peace talks, China can act as a mediator between them to promote peace in the Middle East.

China feels deep sympathy for the painful sufferings of the Jewish nation throughout history. It also appreciates their industry, wisdom, and the fact that many famous scientists have come from it. Today, Israel's scientific and technological achievements are precisely what China needs for its economic development. Therefore, China hopes to develop bilateral relations with Israel, and much more than that China hopes that Israel and the Arab countries will finally bring about a just reconciliation, thus removing the roots of instability in the postwar Middle East.

Nepalese Minister of Commerce Visits Tibet

*OW1509151492 Beijing XINHUA in English
1433 GMT 15 Sep 92*

[Text] Lhasa, September 15 (XINHUA)—Visiting Nepalese Minister of [State for] Commerce Aishwarya Dal Pradhananga met here today with Gyaincain Norbu, chairman of the government of the Tibet Autonomous Region of China.

Pradhananga arrived here this morning to attend the opening ceremony of an annual Tibet-Nepal trade fair.

Gyaincain Norbu, fresh from a goodwill visit to Nepal, called China and Nepal friendly neighbors, whose peoples he said share a traditional friendship. Over the years, he said, such ties have been constantly developed and consolidated.

During the recent visit, Gyaincain said he and his Nepalese hosts had a comprehensive exchange of views on ways to further tourist cooperation, as well as economic and trade relations, between Tibet and Nepal.

Pradhananga said that in his current three-day visit he expected to discuss expanding the trade and economic cooperation between Nepal and Tibet with Tibetan officials.

West Europe

Zou Jiahua Continues Visit to Spain

*OW1609031892 Beijing XINHUA in English
0240 GMT 16 Sep 92*

[Text] Madrid, September 15 (XINHUA)—Increased cooperation in the fields of politics, economy, trade and science and technology was agreed today by visiting Chinese Deputy Premier Zou Jiahua with his Spanish counterpart Narcis Serra.

They agreed that Sino-Spanish friendly relations could reach a new level through their joint efforts and were pleased with the progress made in the last few years. Serra spoke highly of the China's economic development and said he expected the momentum would continue.

Economic Relations With Germany To Be Expanded

*OW1609050192 Beijing XINHUA in English
0451 GMT 16 Sep 92*

[Text] Bonn, September 15 (XINHUA)—The Federation of German Industries said today in Cologne that Sino-German economic relations would be expanded.

A federation spokesperson made the statement after its vice-chairman Hermann Becker wound up his visits to Beijing, Shanghai and other places in China.

It said that those who visited China saw "good opportunities" for Sino-German economic relations, and that Chinese open policy and development capacity could provide the first steps toward such opportunities.

During talks with Becker, Chinese leaders showed great interests in expanding both barter trade and industrial cooperation between the two countries, according to the federation.

It said that the Chinese Government planned to increase its imports to 400 billion U.S. dollars by 1995, adding that German exports to China in the first half of this year went up for the first time since 1988.

NPC Delegation Visits Chinese in Netherlands

*OW1609104092 Beijing XINHUA Domestic Service
in Chinese 0431 GMT 16 Sep 92*

[By reporter Yang Yuanhua (2799 0337 5478)]

[Text] Amsterdam, 16 Sep (XINHUA)—The study group of the Overseas Chinese Affairs Committee of the National People's Congress led by Liang Linguang, vice chairman of the committee, left the Netherlands for Belgium on 15 September.

During their stay in the Netherlands, members of the study group made extensive contacts with overseas Chinese in the country, held a discussion meeting with overseas Chinese organizations there, and visited the Chinese language school and overseas Chinese sports association set up by overseas Chinese in the country.

At the discussion meeting, Liang Lingguang introduced the excellent situation of reform and opening up in the motherland to overseas Chinese and expressed his gratitude to overseas Chinese for their support and contributions to the economic construction and reunification of the motherland.

Representatives of the overseas Chinese said at the discussion meeting that they were encouraged by the reform and opening up in the motherland, especially the upsurge of reform and opening up following the announcement of Deng Xiaoping's talks during his inspection tour in southern China. The overseas Chinese also put forward some valuable suggestions for economic construction and overseas Chinese affairs work of the motherland.

The six-member study group arrived in the Netherlands on 8 September after visiting Denmark and Sweden earlier.

French Communist Leader Praises Reform Success

*OW1309040392 Beijing XINHUA in English
0328 GMT 13 Sep 92*

[Text] Paris, September 12 (XINHUA)—French Communist Party General Secretary Georges Marchais today highly praised the Chinese Communist Party for its achievements in the socialist construction.

Marchais made these remarks during his visit to the Chinese exhibition hall at the international village during the party organ "L'HUMANITE" festival.

He said that the positive changes brought about by China's reform was significant to all communists over the world who insisted on striving for socialism.

He said the French communists followed with interest the development of Chinese socialist construction and were willing to strengthen and further develop the traditional and friendly relations with their Chinese comrades.

East Europe

Yugoslav Prime Minister Meets Yang Shangkun

*HK1609032392 Beijing CHINA DAILY in English
16 Sep 92 p 1*

[By staff reporter: "Yang Talks Up Peace for Former Yugoslavia"]

[Text] Chinese President Yang Shangkun told visiting Yugoslav Prime Minister Milan Panic yesterday in Beijing that China hopes that strategies toward a peaceful solution of the conflicts in the former Yugoslavia "would be pursued to restore peace at an early date."

Yang expressed his deep concern over the situation in the former Yugoslavia, after Panic briefed him on the developments in Bosnia-Herzegovina.

"Only through peaceful negotiations can such problems be resolved properly," he said.

According to a Chinese official, Panic said his government appreciates the Chinese Government efforts in and contributions to resolving the crisis of former Yugoslavia.

The meeting took place yesterday morning at the Great Hall of the People.

The Yugoslav Prime Minister told a press conference later yesterday that he had open discussions with Chinese leaders on the Yugoslavian crisis, and that China had stated four points of principle on the issue and offered total support to his new government.

He said he had asked China for humanitarian aid and heating oil to help tide his people over the coming winter.

Concludes 'Official' Visit

*AU1509171292 Belgrade Radio Beograd Network
in Serbo-Croatian 1300 GMT 15 Sep 92*

[Text] With his meeting with Chinese President Yang Shangkun, Prime Minister Milan Panic concluded the official part of his visit to China. In the afternoon, he arrived in Tianjin, a city and free economic zone 140 km from Beijing. Here is a report from Tianjin by our special correspondent Slobodan Jankovic:

[Begin Jankovic recording] The visit by the prime minister to China has in many ways been marked by threats from New York that Yugoslavia may be expelled from the United Nations.

Last night, the federal prime minister held very intensive telephone contacts with New York about our place in the world organization. This new ominous threat was of course one of the two main topics of the meetings our prime minister held with Chinese leaders. This morning, PRC President Yang Shangkun received our prime minister and talked with him about the threat from New York but also about solving the crisis in Bosnia-Herzegovina. The Chinese president told Milan Panic that his country will maintain its stand that Yugoslavia should retain its place in the United Nations.

Regarding the crisis in the Balkans, the Chinese side (?still maintains the already stated) assessment that the Yugoslav peoples alone should sit at a negotiating table and calmly solve their problems. China will be active in finding a peaceful solution to the Yugoslav crisis and

along with that will continue to support the new Yugoslav Government. The hosts have called Panic the man of peace.

China is opposed to foreign interference and intervention, and Yugoslavia can count on friendship of the most populous country in the world and its support to the peace process, Chinese President Yang Shangkun said during the meeting with Milan Panic.

After these talks held in the Great Hall of the People on Beijing's famous Tiananmen Square, our prime minister held a news conference in one of the halls of this huge building. Special attention was paid by the reporters to the Yugoslav demand of humanitarian aid in oil from China to provide heating for schools, kindergartens, hospitals, and apartments this winter. After the Yang Shangkun-Milan Panic meeting, this topic was also discussed by experts and the relevant ministers of the two governments. The Chinese side agreed to deliver the oil, but to do so only after Yugoslavia manages to get the necessary permit of the UN Committee for Monitoring the Implementation of Sanctions.

At the news conference, Milan Panic expressed the assessment that this visit to China was, as he put it, more friendly than he had expected.

In reply to one of the questions asked by numerous reporters, our prime minister said that China is not going to use its right to veto in the United Nations on this issue. He pointed out that the Chinese give us their full support.

[Word indistinct] Beijing, the federal prime minister, members of our delegation, and a large group of correspondents reporting on this visit have left Beijing for Tianjin, a large city and free economic zone. A diversified (?program for talks) was prepared for our prime minister here, mostly concerning the business side of this (?enterprise), since the Chinese respect very much Panic's business successes. After his visit to the harbor tomorrow, our prime minister will conclude this visit and leave for home. [end recording]

Visits Tianjin

OW1609091392 Beijing XINHUA in English
0828 GMT 16 Sep 92

[Text] Tianjin, September 16 (XINHUA)—Milan Panic, prime minister of the Federal Republic of Yugoslavia, and his party left here this afternoon by a special plane, ending their visit to China.

Tianjin Vice-Mayor Zhang Lichang was among those to see Panic off at the airport.

This morning, Panic visited the economic and technological development zone in Tianjin.

Panic arrived here yesterday afternoon and, after their arrival, they visited a leather shoe factory and the downtown area in the city.

Yesterday evening, Vice-Mayor Zhang met with Panic, and briefed him on Tianjin's economic development. And the Yugoslavian prime minister expressed the hope that the economic cooperation between his country and Tianjin would be strengthened.

After the meeting, Zhang hosted a banquet in honor of Panic and his party.

Returns to Belgrade

LD1609075192 Belgrade TANJUG Domestic Service
in Serbo-Croatian 0603 GMT 16 Sep 92

[Excerpt] Beijing, 16 Sep (TANJUG)—Today, Yugoslav Prime Minister Milan Panic ended his three-day working visit to China and left for Belgrade where he will arrive around 2100 Yugoslav time.

Panic and the Yugoslav delegation spent the last day of their stay in China in Tianjin, a large Chinese city south-east of Beijing. Panic visited the Tianjin harbor and the duty free zone being built there. [passage omitted]

Political & Social

State Council To Cut Personnel By One-Third

HK1609013092 Hong Kong CHING CHI JIH PAO
in Chinese 15 Sep 92 p 3

[By staff reporter Li Feng (2621 7364): "Communist China Decides To Streamline the Administrative Structure by Reducing One-Third of State Council Personnel"]

[Text] State organs will cut a large number of personnel after the 14th party congress, guide department cadres and scientific research personnel to the first line of economic construction, and really "streamline the administration." More than one-third of some 100,000 cadres in the State Council system will be cut. The State Planning Commission will be the key organ to reduce personnel; its original staff of 2,000 cadres will be reduced to 400, who will exercise macroeconomic control and formulate medium- and long-term development plans which last for five or 10 years. All microeconomic plans will be dropped, and interferences in local enterprises will be reduced. Other ministries and commissions of the State Council have also formulated reform plans and plans to reduce staff, so as to suit the need for development of a socialist market economy.

An official at the decisionmaking level in Beijing disclosed that during the 14th party congress, China will announce a set of "Temporary Regulations on State Civil Servants." After the 14th party congress, the country will gradually implement a civil service system. Strict examinations will be organized for government personnel to retain the best and get rid of the poor. Those who are retained will receive higher wages and improved benefits. A reform will be carried out, borrowing experiences from the civil service systems in foreign countries.

Premier Li Peng said in a recent speech to internal circles: "There are many able persons among the cadres in our country, but their strength has not been released. Most of them work for government departments, scientific research institutes, and colleges. We must mobilize one-third or two-thirds of them to go to the forefront, to engage in economic development, scientific and technological exploration, production, and foreign trade. Party and government departments also have many capable persons. At present, various kinds of conventions are still restraining the role of cadres and scientists and technologists, and society has not created broad and attractive opportunities for them to show their talent. This is the most urgent strategic problem badly needing a solution in the undertaking of reform and opening up.

General Secretary Jiang Zemin also mentioned recently that the state organs in the whole country have hired more than 30 million party and government cadres, that everyone is eating the "emperor's grain," and that there are more hands than needed. We should let a large number of officials run tertiary industry and provide

services; when this batch of "tigers" is released and allowed to return to the mountains, they can show the might of tigers. When "tigers" are kept for a long time in the cage, they can only be appreciated by people; only when tigers are released and allowed to "return to the mountains" can they have a place to show their talent. Feeling miserable or sorrowful when one fails to obtain a bonus of five yuan in a department is not as good as going out to run a big enterprise—which earns several million yuan, or several tens of million yuan, or even a hundred million yuan—and earning a bonus of 500 yuan per month per person. Is it not wonderful?

A large number of officials in Beijing's State Council system are very eager to try; they are preparing to leave their departments and "go to sea" to pursue the market economy. In particular, recent college graduates and graduate students can only sweep the floor and pour water for the old cadres when they work in government departments, and their wages are very low, far from matching the situation of their classmates who have been sent to the foreign-funded enterprises in the coastal cities and provinces. Many people have grievances and, without waiting for the order from the central authorities, have already submitted resignation letters to their departments, and dashed out to catch up with the "third business tide" which is spreading across the mainland.

Ministry To Confiscate Illegal Weapons

OW1409155392 Beijing XINHUA in English
1536 GMT 14 Sep 92

[Text] Beijing, September 14 (XINHUA)—The Ministry of Public Security issued a circular here today to confiscate illegal guns and ammunitions.

According to the circular, all those illegally owning guns and ammunitions who hand in their weapons within 30 days to public security organizations and pledge they will not repeat the practice will be dealt with leniently.

It warned that those who refuse to do so will be severely punished.

The circular said any units or individuals who illegally produce, transport, sell or buy and own guns and ammunition or steal weapons from armymen, policemen or militiamen will be dealt with according to law. The prohibition includes military and sporting weapons, hunting rifles, air guns, anaesthetic guns and tear-gas launchers.

The circular urged those who have bought lawful guns with approval of public security organizations but failed to register must do so with local public security organizations within 60 days. Otherwise they will face charges for illegally owning guns and ammunitions.

Sources at the ministry said that cases of smuggling and illegally producing or owning guns have increased in recent years.

The circular said that every Chinese citizen has the duty to report or help public security organizations handle illegal activities involving guns and ammunitions, promising to give rewards to those who have rendered great service.

It warned that anyone who gives shelter to or shields criminals will be punished. Severe punishment will also be imposed on those who take revenge against the complainants.

Bao Xin 'Letter' Espouses Questioning Shen Tong
*HK1609020792 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 37, 14 Sep 92 p 2*

["Letter from Beijing" by Bao Xin (7637 0207): "On the Shen Tong Incident"]

[Text] Brother:

Chinese civilian Shen Tong and several foreigners recently staged a two-man act [shuang huang ju 7175 4679 0489] in Beijing. From the arrangements of the script and the performance to "appeals" and "protests" after the performance, they seemed to make a great show of being earnest; but, exposing them in their true colors, we know what they have done is full of holes. This matter has become a laughingstock and is very tragic.

I think the most ridiculous thing is this: These people who nursed evil intentions should have realized that justice is not on their side, and should thus have carried out introspection. But after their act ended hastily, they made a lot of noise to mess things up in an attempt to confuse right and wrong. Cunning words will be of no help, however, and facts speak louder than words. In the presence of facts, they have revealed their true colors of "thieves crying 'Stop! Thieves!'"

The facts about the expulsion of two Frenchmen and one American follow: They entered China as tourists, but conducted activities of a nonsightseeing or tourist nature. First they conducted inglorious activities, and then they were questioned by the relevant department and given a time limit to leave China. This is a matter of course and completely corresponds with international practice. What reasons did they have to "protest" or "express regret"? Can China tolerate foreign civilians' blatant interference in China's internal affairs on Chinese soil and their mediation in affairs within the scope of Chinese sovereignty?

They conducted activities which were incompatible with their status. This is what the two Frenchmen had admitted in Beijing in the presence of the Chinese relevant department's personnel. The American was questioned on the spot together with U.S. Embassy personnel by the Chinese relevant department's personnel when he was distributing the statement of the "Chinese Democratic Foundation," its membership application forms, and leaflets. After the U.S. Embassy personnel admitted that this American had conducted

activities which were incompatible with his status, he was taken away from the scene. But after their arrival in Hong Kong, these three foreigners talked endlessly as if justice were on their side. Unexpectedly, their comments at a news conference in Hong Kong resulted in their mistakes becoming more conspicuous. For example, according to a Hong Kong newspaper report, these two Frenchmen said that they traveled many places with Shen Tong, starting in south China in August, looking for "underground organizations" in order to make contacts with them. The American also admitted that Shen Tong had "invited" 20 to 30 people to join the "foundation," and that they had "fulfilled the target of forming links between the outside and the inside." This further proves that they conducted activities incompatible with their status. One of the two Frenchmen had no alternative but to confess that he had not applied to the Chinese relevant department for the news conference he arranged for Shen Tong, and that this violated Chinese law.

Moreover, the Beijing municipal relevant department has put Shen Tong under surveillance and house investigation. My brief explanations above have fully suggested that the authorities had grounds and evidence to take him away for questioning. Shen Tong took part in the turmoil and rebellion during the 1989 Beijing political storm and joined the activities of the "Democratic Front" abroad—an organization opposing the Chinese Government. Despite all this, he had traveled freely for several weeks after his return to China. Only after his antigovernment, illegal activities became apparent did the Chinese public security department take the necessary measures against him. This is also a matter of course.

However, some people have taken the opportunity of Shen Tong's questioning to say that China's policy on welcoming personnel to return home from their studies abroad "cannot be trusted" and that China "has gone back on its word." This is intentionally confusing black and white, only the method used is too mean.

The Chinese Government has stated time and again that it welcomes all personnel studying abroad to return to work, for family visits or vacations. Even those who have joined organizations opposing the Chinese Government, or have engaged in activities undermining the country's security, reputation, and interests, are welcomed to return to China, provided they withdraw from these organizations and no longer carry out antigovernment activities violating the Chinese Constitution and law.

As a matter of fact, the Chinese Government has completely done this. But this statement cannot be distorted as meaning the Chinese Government allows individuals to engage in antigovernment activities violating the Chinese Constitution and law after their return to China. Shen Tong was given an investigation after carrying out these activities; this does not mean that China's policy has changed. The reason is self-evident.

As I see it, the current Shen Tong incident typically explains that those so-called "elites" who fled to foreign countries have come to a dead end. They are becoming more isolated and arousing less interest among people. But they are not reconciled to being forgotten, so they have thought out an idea amid loneliness—returning to China to create some news, so that people will take a look at them and talk about them. Resorting to this mean and absolutely senseless political action, they are indeed ridiculous.

[Signed] Bao Xin

[Dated] 6 September

Policies for Opposing Peaceful Evolution Reviewed

HK1609015592 Beijing RENMIN RIBAO in Chinese
11 Sep 92 p 5

["Press digest" column by Jiang Hai (3068 3189): "The Direct and Fundamental Policies for Opposing 'Peaceful Evolution'"]

[Text] In an article entitled "Deepening Our Understanding of the Party's Basic Line in the Present Period" published in issue No. 3 of this year's KEXUE SHEHUI ZHUYI [SCIENTIFIC SOCIALISM 4430 1331 4357 2585 0031 5030] magazine, Xu Hongwu and An Yongmei pointed out that the policies for opposing "peaceful evolution" can be separated into a direct policy and a fundamental policy.

The direct policy aims to adopt a number of direct measures to resist the specific methods of "peaceful evolution." For example, regarding the ideological infiltration of Western forces, education on Marxist theory should be strengthened to resist the spread and influence of bourgeois liberalization. To combat their attempt to put their hope of "peaceful evolution" on the "third or fourth generation" of socialist countries, education on patriotism and socialism should be strengthened, and revolutionary successors who have a firm socialist faith should be fostered. To oppose the Western hostile forces' attempt to train "democratic elites" in socialist countries for the purpose of making turmoil, we should display the role of the people's democratic dictatorship, adopt powerful measures, and remove all hidden factors that might lead to social unrest. Regarding the Western countries' strategy to use economic sanctions to force socialist countries to do what they say, we should adhere to the principle of self-reliance and hard struggle and take flexible measures to break their policy of blockade and isolation. These are all correct and necessary, but they are not considered fundamental measures.

The fundamental policy seeks to develop the social productive forces. In other words, the policy of opposing "peaceful evolution" should not be weakened, but nor should it be permitted to interrupt the central task of economic construction. Obstacles must be removed, and the central task of economic construction must be upheld. We should concentrate our efforts on developing the productive forces, carrying out economic work in a

down-to-earth fashion, increasing the pace of socialist modernization, constantly improving our comprehensive national strength, and gradually enhancing the masses' standard of living materially and culturally. This is the only way we can resist and crush the sinister scheme of "peaceful evolution." The fundamental reason why a new social system is able to replace an old social system is because the new social system can pave the way for the further development of the productive forces. If the new system cannot liberate the productive forces, it cannot achieve victories or prevent the restoration of the old system. Therefore, the fundamental reason why the socialist system will be able to triumph over the capitalist system is because the socialist system can create a higher level of social productive forces than the capitalist system.

Leadership By 'Loyal Marxists' Urged

HK1509010092 Beijing QIUSHI in Chinese No 15,
1 Aug 92 p 44

[Article by Zhao Ziping (6392 1311 1627) of the Organization Department of the CPC Central Committee: "Leadership Should Be Put Firmly in Hands of Loyal Marxists"]

[Text] Ensuring that leadership is held in the hands of people faithful to Marxism is a major issue which ensures that our country will always advance along the road of building socialism with Chinese characteristics. At present, ensuring that the leadership is held by people faithful to Marxism is mainly an issue of ensuring that leading cadres at all levels conscientiously, faithfully, and resolutely carry out the party's basic line of "one center, two basic points."

Since the Third Plenary Session of the 11th CPC Central Committee, our party has formulated a basic line, which is "taking economic construction as the central task, adhering to the four cardinal principles, and persistently carrying out reform and opening up." This basic line represents Comrade Deng Xiaoping's theory about building socialism with Chinese characteristics. It is the ideological achievement in the combination of Marxism with our country's actual conditions and the brilliant fruit of our efforts to emancipate our minds and to seek truth from facts. The practice of reform and opening in the past more than 10 years has shown that the basic line is suited to our national conditions and complies with the people's wishes.

After the political line is established, cadres form a decisive factor. A person loyal to Marxism must rather deeply understand and master the party's basic line and, in particular, should more profoundly and comprehensively understand the viewpoint that reform is also the emancipation of productive forces recently put forward by the party central leadership. Only thus can he or she have higher political consciousness and stronger organizational ability to implement the basic line. We should develop productive forces under the socialist conditions

and should also emancipate productive forces through reform. That is, the two sides of developing and emancipating productive forces should be properly integrated. People constitute the most active factor in productive forces so it is necessary to fully arouse people's work enthusiasm and initiative and reasonably bring them into play. This requires that leading cadres follow the basic principles of Marxism and do creative work to mobilize and organize the masses, conduct propaganda among them, and lead them in working hard to carry out the party's basic line. The leading cadres should also coordinate people's relations; solve problems in people's minds; resolve various contradictions; and encourage the broad masses of people to boost their spirit, emancipate their minds, unburden their minds, take the initiative in putting the party's line, principles, and policies consciously into practice, and devote themselves to the great practice of deepening reform and expanding openness.

The party's basic line is of across-the-board and long-term guiding significance. The so-called across-the-board guiding significance means that the concrete principles and policies in the economic, political, ideological, and cultural fields should all be based on it and should take it as the general guiding principle. The so-called long-term guiding significance means that the party's basic line will be in force throughout the whole initial stage of socialism, for as long as 100 years. In this historical stage, some of the concrete principles and policies in some fields may be revised, replenished, and improved according to developments in the situation; some may have to be rescinded as they are no longer suited to the changing new situation. However, the basic line is relatively stable and will remain invariable for at least 100 years. The long-term guiding significance of the basic line reflects the prolonged nature of the initial stage of socialism and the arduousness of the tasks in this period. A leading cadre faithful to Marxism should now master the revolutionary theory of dialectics, closely link theory with practice, faithfully perform his own duties, keep the overall situation and interests in his mind, have foresight, and follow the across-the-board and long-term guidance of the basic line. Only thus can he always adhere to the foothold of "one center, two basic points" in his work practice of leading reform and construction, always grasp the central link of economic construction, and orient the work in all fields to the central link and make it serve the central link. Only thus can he have an integrated and congruent understanding of various concrete principles and policies and grasp their intrinsic relations and be more conscious and less blind in his work. In the course of implementing the party's basic line, disruption may come from both "leftist" and rightist ideologies. Leaving the party and state leadership at all levels in the hands of people faithful to Marxism and conscious in adhering to the party's basic line is the organizational guarantee for preventing and overcoming the erroneous deviations.

In order to ensure that the party and state leadership is held in the hands of people faithful to Marxism, it is necessary to properly effect the following points in our work.

—Under the prerequisite of putting cadres under the party's management, through the reform of the cadre and personnel system, selecting cadres with a firm political position and with the determination to break fresh ground in their work and appointing them to leading posts at all levels. The principle of putting cadres under the party's management means that under the unified leadership of the Central Committee and party committees at various levels, cadres are managed in different ways and at different levels according to a whole set of principles, policies, standards, and methods for training, assessing, and appointing cadres. This system took form in the prolonged revolutionary struggle and nurtured a large number of leaders for the party, the government, and the Army. Its correctness has been proved in history and must be maintained. Under the new historical conditions, the party set out the "four requirements" for the cadre contingent. Useful explorations and reforms were carried out in some concrete aspects of the cadre and personnel system. For example, the authority of cadre management was devolved to an appropriate degree; the overall management of the cadre and personnel work was strengthened; major cadres were recommended to the government and other departments; the election system and appointment system were reformed; the system of openly inviting applications for some leading posts was adopted on a trial basis; the post responsibility and assessment system for cadres was established; the system of lifetime office tenure for cadres was abolished; the cadre exchange and evasion system was established; leading cadres were nominated and assessed in a democratic way; and the structure of leading bodies and the quality of leading cadres were improved. All this represents the achievements of such explorations and reforms. Reforming and improving the cadre and personnel system is aimed at better selecting and appointing cadres who are faithful to Marxism, fully and accurately carry out the party's basic line, and pursue reform and openness to the leading bodies of the party and the state at various levels. For this purpose, we should continue to adhere to the "four requirements" for the cadre contingent and adhere to the standard of having both political integrity and work ability. There exists organic congruence between political integrity and work ability and between the revolutionary character on the one hand and being young in average age, well-educated, and professionally competent on the other. Neither side can be neglected. The leadership of the party and the state at various levels cannot be held by people without political integrity and revolutionary character. At the same time, if one only has the desire to serve the people but lacks the ability to serve, one is

still an incompetent cadre. If the locality or the department being governed by a leading cadre cannot create a new situation in its work and cannot improve its work over a long time, and if the masses there are unsatisfied, then he must not be a qualified leading cadre. At present, it is necessary to quicken reform of the cadre and personnel system and to select and promote more cadres with both political integrity and work ability, being both red and expert with courage and insight, being regarded by common consent as persisting in reform and opening up, and having made solid achievements in their work at the leading posts at all levels.

- Strengthening the work of giving training and education to the cadre contingent and improving the ideological style of the leading bodies. At present, the level of mastering Marxist theory by many leading cadres is still far from meeting the requirements laid down by the central leadership and is still not commensurate with the leadership responsibilities they are shouldering. Some young cadres who were promoted to the leading positions at various levels in recent years have not yet received systematic theoretical training on Marxism. How can a cadre who does not earnestly study Marxist theory master the basic principles of Marxism and become a person faithful to Marxism and how can they properly exercise the leadership of the party and the government? Therefore, raising the cadres' Marxist theoretical level is a pressing task that brooks no delay for the time being. Systematic education in ideological theory should be conducted among leading cadres at all levels so that they can be prompted to conscientiously study the basic principles of Marxism and the works by Comrade Mao Zedong and Comrade Deng Xiaoping; can better understand the theory about building socialism with Chinese characteristics and the basic line of "one center, two basic points"; and can adhere to the principle of combining theory with practice and apply Marxism to analyze and resolve problems appearing in the course of economic construction, reform, and opening up.

It is also necessary to continue to promote the improvement of the ideological style of the leading bodies on the basis of grasping theoretical study. Efforts in this regard should be focused on overcoming the negative and corrupt phenomena inside the party and the discord inside some leading bodies. Strengthening ideological and theoretical education for cadres, intensifying the cultivation of party spirit, and raising the ideological and political level should be taken as the main tasks in the leading bodies' ideological and style building. The work of assessing cadres should be linked to the adjustment of leading bodies and with rectification of the leading organs' work style. While improving its own ideological style, a leading organ should also prompt its subordinate organs to improve their ideological style. Principal responsible comrades should set a good example and take the lead in improving their ideological style and in carrying out positive ideological struggle.

In order to train and bring along millions of successors to the socialist cause, we should consider the work of giving training and education to the cadre contingent from a strategic high plane and our attention should be devoted to the immediate, and also the long-term, needs. Under the present and future international and domestic situations, the key to determining whether we can continue to adhere to the party's basic line and keep it invariable for 100 years, thus realizing the second- and third-step objectives of our socialist modernization, and whether we can ensure that the leadership of the party and the state will continue to be kept by the younger generation still faithful to Marxism in the new round of power transfer [xin lao jiao ti 2450 5071 0074 2583], lies in whether or not we can foster a large number of young cadres who meet the standard of having both political integrity and work ability. Cadres of the younger generation at present have the experience of being workers, peasants, soldiers. Some of them used to work in the countryside and were tempered for a long time at the grass roots level. They have a rather profound understanding of the national conditions and the working masses. They are politically mature and promising. At the same time, such experience also determines that they have such unavoidable weak points of not receiving much education in the revolutionary tradition and not having as much experience as the old cadres. It is thus necessary to pertinently solve these problems and give them education. The party central leadership has set out a series of stipulations and requirements for building a contingent of reserve cadres. This includes the formulation of a list of reserve cadres in light of the "four requirements"; the establishment and implementation of systems for training, assessing, and selecting reserve cadres; and the adoption of the system for tempering young cadres by assigning them to some specific posts [gua zhi duan lian 2171 5120 6939 3550]. All this gives expression to the strategic foresight. At present, the key lies in ensuring the effective implementation of these systems. Successors to the socialist cause should appear and grow up in the practice and struggle of the masses and in the practice of reform and opening. It is necessary to constantly help young cadres keep a firm political position, straighten out their ideological style, raise their ability to carry out the policies, and make them more proficient in exercising leadership in the course of practice and struggle. Thus, cadres of the younger generation will mature more quickly and become the backbone force of the revolutionary cause.

Paper Defends People 'Lured by High Salary'

OW1509060592 Shanghai WEN HUI BAO in Chinese
11 Sep 92 p 2

["WEN HUI BAO Tribune Column article by Liu Hongbo (0491 3163 3134): 'Lured by High Salary?' Why Not?"]

[Text] Song Binghu, a model worker in Hangzhou, left his job and joined a village-operated enterprise, saying that he did so primarily because of his "family's financial

problems." As usual, the change of job became a controversial issue among those who knew him. Those who supported the move said his action was "in line with the general trend of reform and opening up", while those who scoffed at the idea said that "as a model worker and a fine party member, he should not have been lured by a higher salary."

The situation reminds me of other people who have also left their jobs and gone to build roads in the south or to seek employment in the countryside. Regardless of whether or not they are model workers or party members, once they have abandoned their original government jobs, they are criticized for being "lured by high salaries," and as long as they are so accused, they are felt to have forsaken lofty ideals because they do not "regard money as dirt."

Our forefathers have indeed instructed us that "decent people value the just cause, but little people chase after benefits." Decent people and little people can hardly stand together, and the fight between the cause of justice and benefits resembles one between a needle and a wheat thorn. According to the old logic, one who chases after benefits invariably disregards justice, and selflessness and dedication without regard to compensation are noble qualities. Let us not argue about whether or not this old logic is a fine legacy, or whether support for practical needs fully reflects "socialist principles"; if we simply look at the mentalities these two ideas have created—such as "eating from the big pot," and other egalitarian practices which have yet to be eliminated—we can see that the values they have promoted are debatable.

There are people who can remain unmoved by the lure of "high salaries." We all applaud and respect such people. Unfortunately, the overwhelming majority of ordinary people cannot do this (hence noble people now have greater value than ever). This can be seen from the excitement generated among ordinary people whenever they receive a pay rise or a bonus. Thus, there is a clear choice between having objectives that can be achieved by ordinary people (whether intellectuals, model workers, or party members), or objectives that can be achieved only by extraordinary people. On the other hand, we should not criticize an extraordinary person if he wants to step down from the high ground to join the ranks of ordinary people when he finds he cannot stand the "cold" up there.

Since most of us are moved by benefits, we really ought to study the mental state of those people who criticize others for being "lured by high salaries." Let me ask: What would be the result if we were "unmoved by high salaries"? Equitable distribution would be the likely outcome. If this was the case, then we need not give "high salaries" to those with unusual talents, to intellectuals who work through the night, or to people of action who have made exceptional contributions. All we need do is commend them with a few words, and require them to set an example for others. If this was the case, we

could also justify disregarding people with special talents, promoting egalitarian practices, ignoring the need to reward people according to their work, and not adopting differing pay scales according to skill. To tell the truth, those "ideologically pure" people who do not want to improve themselves, but who do fight for higher pay and more benefits, are fearful—they are afraid they would have a hard time making a living on their own once all the skillful people are "lured by high salaries" and leave.

While talented people "may be lured by high salaries," those with less talent will be reminded and compelled to treat talented people well and treasure them, because if they do not, the talented people will leave and join those places which make the greatest effort to attract them. In terms of the needs of the market economy, "high salary" is an important form of recognition for talented people; "luring people by offering high salaries" increases their pay and shows that talented people treasure their gifts. If people in all sectors are willing to be "lured by high salaries," why should we worry about being unable to change a situation in which they are trashed, wasted, and repressed? Units, therefore, that "lure people by offering high salaries," and talented people who are thus "lured," need not be ashamed.

Of course, as well as a "high salary," both hiring units and talented people should have a spiritual horizon. They should honor highly those admirable people who have no regard for high salary or personal interest, who accept hardship willingly, and who dedicate themselves selflessly. However, because many places are still unable to respect talented people, use them properly, or increase their pay, one effective way of making them do so is to set in motion the lever of benefits to reinvigorate talented people and gear their services to the market. Thus, let me loudly proclaim: "Lured by high salary? Why not?"

Development in Tianjin Villages Viewed

HK1609092392 Beijing JINGJI RIBAO in Chinese
28 Aug 92 p 2

[Article by Shi Conglin (2457 0654 2651): "Xiaojinzhuang and Daqiuizhuang"]

[Text] Tianjin has two villages which are well-known in the whole country. One is called Xiaojinzhuang, the other, Daqiuizhuang. Xiaojinzhuang had an extremely high reputation in the Cultural Revolution period because its people sang songs, which made their village very famous north and south of the Chang Jiang. It is now a poor village. Daqiuizhuang was also a poor village with people "drinking bitter water and eating vegetables"; however, it has developed its economy since reform and opening, using good management methods to improve itself. The village's industrial and agricultural output value in 1991 was 1.8 billion yuan, making it the first village in China to become rich (see JINGJI RIBAO, 24 July).

Xiaojinzhuang and Daqiuizhuang are the outcome of history. One was a pet in the time of ultraleftism; another is a favored son in the period of reform. We should treat them with a "normal attitude," but the things happening between these two villages create a desire within me to write about my feelings. Wang Zuoshan, the village head of the miserable Xiaojinzhuang, sought help from Daqiuizhuang. Daqiuizhuang responded enthusiastically and tried to meet his urgent needs; it immediately promised to let Xiaojinzhuang do some processing jobs, to send some technicians to give guidance, and to give 60,000 yuan to Xiaojinzhuang so as to let it pay the outstanding wages to workers. Apart from helping it to solve urgent problems, it also promised to help Xiaojinzhuang to develop enterprises. According to normal reasoning, this is something which is too good to be true. However, when Wang Zuoshan excitedly reported the situation to the upper level, he suffered a staggering blow. The superior said: "Stop saying it. It is all about the 60,000 yuan! I give you 600,000 yuan." Thereafter, three opinions came from the upper level, one of which said: The gang of four had not made Xiaojinzhuang stink, but Daqiuizhuang made it do so. (See ZHONGGUO XIANGZHENG QIYE BAO [CHINA TOWNSHIP AND TOWN ENTERPRISES POST] 13 July.)

The things which happened between these two villages have nothing to do with gratitude or resentment involving "the treating of kindness as a donkey's lung [something worthless]," but profoundly illustrate that today, as we are carrying out reform and opening up, some people are still stubbornly embracing the old face of "leftism," and getting enmeshed in a web of their own spinning.

A tree is known by its bark, and a person by his face; the demand for face is not a bad thing, and in particular, we, the Chinese, attach great importance to face, but the demand for face must be judged by how it is done. People compare their methods in work, and try to show off a bit; some tell some lies but are discovered by others, so their faces turn red—all these are a result of man's desire to show off and of their conscience, and this is a good thing. However, asking for face at the expense of deliberate backwardness and stubbornly refusing to learn from the advanced and refusing help from other people is "dying for face and living for sorrow."

It is naturally very important to unbind our hands and feet in order to build the economy and to untie the rope around our bodies, but it is similarly important to give up face and abandon the psychological burden left behind by history. Wang Zuoshan, who gave up the "face" of Xiaojinzhuang, and humbly sought assistance from Daqiuizhuang, can learn the good things from Daqiuizhuang; the leader of Xiaojinzhuang, who stubbornly embraces his old face, which is not so graceful, can only look at the increasingly bustling activities in Daqiuizhuang.

Corruption Believed Behind Shenzhen Share Riots

HK1509074292 Hong Kong THE STANDARD
in English 15 Sep 92 p 5

[By S.L. Law]

[Text] A senior official has disclosed that the Chinese government believes widespread malpractices by Shenzhen officials was a major factor behind the Shenzhen stockmarket riot.

"The Shenzhen Government had failed in predicting that malpractices were still so rampant," Sun Shuyi, of the State Commission for Restructuring the Economic System, said.

Vice-Premier Zhu Rongji said the corruption would be fully investigated.

Speaking at a securities seminar in Beijing, Mr Sun said certain government officials blocked the fair distribution of application forms.

He was the first official to talk publicly about the State Council's conclusion on the incident, in which 1.2 million citizens took to Shenzhen streets to demonstrate against corruption after failing to get application forms for newly-listed securities.

Despite this, Mr Sun said, no Shenzhen officials had been punished or held responsible.

He also said the Shenzhen government had underestimated the purchasing power of its citizens.

"After the flood which affected most of China last year, the Shenzhen Government could not predict such a strong purchasing power as reflected by 1.2 million citizens seeking to get application forms," Mr Sun said.

It had since been decided that government departments should not be directly involved in the issue and exchange of shares.

To prevent similar events occurring, the State Council planned to set up this year management and supervisory bodies, for which the Hong Kong Stock Exchange, co-organising the seminar for Chinese enterprises which plan to list in China and Hong Kong, had offered to help train staff.

Mr Zhu said China would vet seriously the corrupt practices involved in the Shenzhen riot, according to Charles Lee, chairman of the Hong Kong Stock Exchange.

"Mr Zhu agreed with our views that the Shenzhen riot resulted from both administrative corruption and technical insufficiency," he said.

It was disclosed that 10 more large enterprises had been picked as trial enterprises for listing.

"Among them are Shanghai Jinshan Petrol-chemical Enterprise, which has a capital value of 11.3 billion

yuan, Guangzhou Shipyard and Tsing Tao Beer, both of capital values of hundreds of million of yuan," Mr Sun said.

Mr Lee declined to predict when Chinese enterprises could be listed in Hong Kong.

"We are still at a stage of conducting more exchanges to make the Chinese side conversant with Hong Kong as well as international practices and standards," he said.

Peng Chong Addresses People's Congress Chairmen

*OW1609023092 Shanghai People's Radio Network
in Mandarin 2300 GMT 14 Sep 92*

[From the "Morning News" program]

[Text] The seventh meeting of the standing committee of chairmen of seven provincial and municipal people's congresses in eastern China concluded in Shanghai on 14 September. The main item on the agenda of the meeting was the election of deputies to the new provincial and municipal people's congresses. In his speech, National People's Congress Standing Committee Vice Chairman Peng Chong stressed that efforts should be made to strengthen the party's leadership, to fully bring into play democracy, to strictly carry out work in accordance with the law, to continue ideological work, to improve election work, to promote further development of socialist democracy and legal construction, and to lay a good foundation for the work of people's congresses.

Vice Chairman Peng Chong pointed out: China's provincial, municipal, city, county, and village-level people's congresses will hold elections for deputies in the next two years. The central task in good election work is to fully bring into play democracy and to strictly carry out work in accordance with the laws. In particular, the number of nominees must exceed the number of posts available and the nominees must be jointly nominated by the voters or the deputies. We must also make sure the law is not violated in order to safeguard the democratic rights of citizens and ensure that deputies exercise their authority legally.

Peng Chong also commented on the issue of supervision by the people's congress. He said: Leading comrades of the CPC Central Committee recently pointed out that, as a result of the development of China's socialist construction and reform and opening up, the workload of the people's congress has become heavier and more arduous. The people's congress must make efforts to strengthen legislative work, in particular speeding the pace of economic legislation, and enhancing supervision of the government's work. Peng Chong said: Some comrades feel supervision by the people's congress is dispensable, while others think the supervision is cumbersome and unnecessary. This is a sign of a lack of understanding of China's basic political system; it also shows that some of our comrades still lack a concept of democracy and the legal system. In the new circumstances of reform and

opening up, it is even more necessary to bring to play the supervisory functions of the state's authoritative organs.

Supreme Court President Addresses Judges

*OW1609012592 Beijing XINHUA Domestic Service
in Chinese 1226 GMT 15 Sep 92*

[Text] Beijing, 15 Sep (XINHUA)—The first group of nearly 50 party, government, and military cadres planning to assume posts as vice presidents of intermediate people's courts, or even higher offices, started their training today.

Addressing the opening ceremony of the training class, Ren Jianxin, president of the Supreme People's Court, said: This pre-appointment training is an important way to reform the personnel system and build stronger leading groups of people's courts. From now on, all judges must be trained in this special profession before they are appointed or promoted. Senior judges, in particular, must undergo rigorous training before their appointment.

Ren Jianxin said: The presidents of people's courts at all four levels will soon be reelected. Doing a proper job in electing court leaders is very important, and so we must make the reelection a success. People's courts are state organs of adjudication, holding great powers and responsibilities, including the power of life or death. Therefore, the requirements set for all comrades, especially leading comrades, who work at people's courts are very high and demanding. Ren Jianxin said that leading cadres of people's courts should be proficient in Marxism and have a firm conviction in socialism, be highly aware of the need to execute the party's basic line, have basic knowledge of the Constitution and other laws, have relatively strong organizational and administrative capabilities and leadership, and have rich social experiences.

Ren Jianxin stressed: In the new situation, and as required by the central authorities in their instructions about judicial affairs, people's courts at all levels must heighten their awareness of the need to expedite reform, opening up, and economic construction through intensifying adjudicative operations. At the same time, we must also intensify ideological and political work, enforce all laws without fail, and heighten the concept of socialist democracy and law. We must emancipate our minds, seek truth from facts, and firmly adhere to the political course of making adjudicative affairs serve the party's basic line as characterized by "one center and two basic points." To safeguard reform, opening up, and economic construction with effective legal services, organs of adjudication must give full scope to their functions and crack down on crimes and lawless conduct, regulate relationships among various social sectors, and maintain normal production and living order through legal measures.

Military

PLA Reportedly Helping Develop Huang He Delta

HK1609051592 Beijing RENMIN RIBAO in Chinese
1 Sep 92 p 3

[XINHUA dispatch from Jinan by reporter Tan Daobo (6223 6670 0590): "PLA Soldiers Contribute Toward Development of the Huang He Delta"]

[Text] A dozen or so big projects undertaken by the People's Liberation Army [PLA] ground force, Navy, and Air Force as contributions to the development of the Huang He Delta are bringing excellent results.

- Some of the several high-grade highways have become the arteries of new towns and some have become the chief transport corridors of oilfields and ports.
- The three large above-ground reservoirs and two sluice gates for channeling the Huang He have become the key projects of the delta's water conservancy network and are contributing to the production of crude oil and the productive activities in agriculture, forestry, animal husbandry, and fishery.
- The seaborne shipping route from the Huang He estuary port, built by Navy officers and men, will open in the near future. The provincial leaders of Shandong believe that the opening of the seaport on the Huang He will greatly promote the industrial and agricultural development of the entire delta.
- Dongying [2639 3602] Airport, the construction of which is being undertaken by the Air Force, plus some supporting service facilities to be built later, will be a "bridge in the sky" for the exclusive purpose of developing the Huang He Delta.
- A farm of Jinan Military Region has planted large tracts of locust trees, with a total area of over 70,000 mu, on the desolate salt marshes. These woods have been contributing enormously to keeping the winds and sand in check, retaining water, reducing soil alkalinity, regulating the climate, and improving the ecosystem. The state has designated this region as the country's biggest ecological reserve of locust trees.
- The army horse ranch has built a base for cultivating fine varieties of crops, 10,000 mu for wheat and 10,000 mu for cotton. It not only provides local people with large quantities of grain and cotton seeds of fine varieties, but has also been made a model in developing agriculture.

Journal Praises Workers at Gobi Missile Base

OW1609041492 Beijing BAN YUE TAN in Chinese
25 Aug 92 pp 43-45

[Report by Lu Zuyi (6629 4371 3015) and Dai Xingmin (2071 2622 3046): "Two Generations of People in Depths of Gobi Desert"]

[Text] A certain Air Force surface-to-air missile testing base in west China is a mysterious world scarcely known to anyone.

In more than three decades, China has completed scientific research and testing on various types and models of surface-to-air missiles here. China has been assessing, formulating, inspecting, and testing air defense weapons here. The surface-to-air missiles, as new equipment of the People's Liberation Army [PLA], are tested and undergo target practice here before they are transferred as combat-ready weapons. This place is the cradle of China's advanced air defense weapons.

However, it is hard to imagine that such splendid achievements have been created in the Gobi Desert, which is normally unfit for human life. On the evening of 1 August, we arrived in the depths of the Gobi and interviewed the miracle creators—two generations of scientific and technological personnel, soldiers, and officers. Following the interviews, we genuinely appreciated their loftiness and greatness, and we felt deep veneration for them.

After entering the boundless Gobi Desert, we could not discern where the horizon was. We did not see any birds in the sky and noticed only sand and rocky land below. After alighting from the plane, we suddenly felt as if we had entered an oven—our perspiration evaporated almost instantly. According to our guiding comrade, the highest temperature in summer here can reach 50 degrees Celsius. The annual rainfall here is 40 mm with an evapotranspiration of more than 3,000 mm. The difference between the highest temperature in summer and the lowest temperature in winter is nearly 100 degrees Celsius. The frost period lasts seven months a year, often intermingled with major sandstorms. One foreign expert commented: "This place is the world's most unusual natural shooting range, but it also is unfit for human beings."

Under such conditions in 1958, many PLA scientific and technological personnel, soldiers, and officers began their hard struggle in the pioneering work.

Peng Hougang (1756 0624 0474) is currently the base's deputy chief engineer. He and his wife Tang Li (3282 0536) were among the first group of scientific and technological personnel settling in the Gobi Desert.

The base has a circumference of a few thousand kilometers. Observation posts that track, observe, and predict the orbits of guided missiles are scattered across the vast desert like small boats floating in an ocean. Dozens of personnel stay at a post. They themselves dig wells for water and plow the land to cultivate vegetables. They do not see any visitors or greenery all year round. They face extreme heat and extreme cold, and they are battered by the wind and sand. They all have dry, dark, and chipped skin. Peng Hougang and his wife have stayed at this post for 14 years and have become fully afflicted by the adverse natural environment. Because of their work, their first son was sent into the care of his sister in

Wuhan when the boy was only one month old. Now he is 30, but he and his parents have been together for less than three years. Fifty-six days after their second son was born, he was also entrusted to other people. A family of four is staying and living in three different places. While commenting on this topic, Tang Li could not help but feel moved. She said: "I am still bothered by my conscience when I think about my sons. I only feel a bit comforted knowing that I have a clear conscience toward the state and its launching of guided missiles."

In the past 34 years Peng and his wife have made contributions to the development of surface-to-air weapons in our country. Tang Li was awarded five times and was commended three times as an "outstanding intellectual" by the Air Force. The results of the research project on "ignition and coordinated analysis method" and "rocket target," organized by Peng Hougang, have been popularized and applied. The project was awarded the national science and technology prize. Although Peng Hougang is over 60 years old and Tang Li is 59, they remain at their work posts.

There are more than 40 pioneers of the first generation still working hard like the Peng-Tang couple at this air base. We have interviewed more than 10 of them. Each has made special contributions, has endured hardships, and has made self-sacrifices. Zhou Yusheng, chief engineer of the Second Station, has been working despite illness. He insists on remaining at his work post after undergoing two major operations during which two-thirds of his stomach were removed. He has successfully completed nine research projects, four of which are new at home and abroad. Today, he is still living by himself. His wife could not leave home to live with him because she has to take care of three old people and an ailing sister. During the past 30 years of his life in the Gobi Desert, his wife shouldered the heavy burden of caring for the old and educating the young. Left without proper care, his son had to go elementary school by bicycle. He broke his arm and leg three times. Zhou was unable to do his duty as a father. People respect him and praise him, but they also say that to devote himself to his job, he has forgotten himself, his parents, and his family.

Li Jiemin, the first commander of the air base, died at his office desk from fatigue. The first deputy commander and the first deputy political commissar also sacrificed their lives for the construction of the base. Like 500 other revolutionary martyrs, they were buried in the air base's Cemetery for Revolutionary Martyrs. Comrade Nie Rongzhen devoted half of his life to developing science and technology for national defense. In accordance with his wishes, his family will soon have some of his ashes interred in this cemetery as a companion of his subordinates forever. As we paid homage at the tombstone of revolutionary martyrs, we thought of the words we had heard on our arrival at the base: "They sacrificed their youth and their lives; they sacrificed their lives and

their children and grandchildren." We were really disturbed. These people suffered hardship and even sacrificed their lives, but they still insisted on making their children remain and work in this difficult area. This is a true sacrifice.

Zheng Changjin, deputy chief engineer of the base, left his daughter at the base, and another deputy chief engineer, Bian Shanyong, also left two daughters to work at the base. Zheng Zhiqiang and his wife—both are young engineers taking over the shifts from his father-in-law and mother-in-law—are prepared to settle permanently in the Gobi Desert. Last year, a son of Cao Xinguo, a high-ranking engineer at the Second Station, passed the entrance examination to a university. Influenced by his father, he made it clear as soon as he entered the university, that he would return to the base to carry on his father's job after graduation. Before their retirement to return home in 1981, Wei Lianghua and his wife, who moved to the base in 1958, summoned their daughter Wei Aiming and son-in-law Chen Yiliang to their side and advised them, saying: "In the past 10 years or so, no university graduates have come to work here. You have just graduated. You have knowledge. The base needs you. You should remain and work here. After the old couple left, the young couple, living up to their parents' expectations, have made achievements in scientific research.

They are the first generation of successors. Together with the other 100 university graduates who have come to work at the base since 1982, they have taken over the responsibility for building a modernized base from the older generation.

We interviewed Chen Yao, who graduated from Beijing Engineering University in 1982. After graduation, she volunteered to come to work at the base. With pride, she mounted the train for the base, but when she arrived at her destination, she cried when she saw miles and miles of sand dunes and numerous tomb-like clusters of camel grass. She didn't expect a guided missile base to be located in a such a place. At the beginning, her nose bled every day because of the dry climate, and she was not accustomed to living in these kind of conditions. She had withstood all these hardships. She told us: "Later I thought to myself: military service means sacrifice. I am not sacrificing my life on a battlefield. I am only sacrificing some personal comfort. This is nothing!" She began to feel better. For the past 10 years, Chen Yao has been working very hard, and she has received science and technology prizes twice. In the past few years, every time she visited the hinterland on official business, she was asked by her old classmates who had visited foreign countries and had become section chiefs or managers: Why don't you change jobs? She always replied: "I have never thought of this; there is room for me to use my talent there; I want to continue working there."

Among the more than 600 university students of the new generation, 85 percent of them, like Chen Yao, have

become the mainstay at various work posts, and 20 percent of them have assumed leading posts at various levels.

They are successful in work, but are not very successful in marriage. Currently, more than 30 university students still remain single. There are few girls on base. Some girls in the hinterland, complaining of the hardship on base, are unwilling to come. There were no job arrangements for even military dependents. As a result, cadres became workers, and workers became street cleaners. Some dependents only served as "good wives" because they were unable to find even this kind of job.

In the past 34 years, through the hard work of two generations of people, a guided missile city with a quiet and beautiful environment has been built in this primordial land. Here, there are wide paved roads, tall poplars and willows, as well as gardens, street sculptures, offices, science and technology pavilions, housing quarters, schools, guest houses, shops, post offices, and churches. As soon as one arrives here, one feels as if one is entering a city. After years of good care, the observation points in the Gobi Desert now have plenty of trees and rows of barracks. From afar, they look like oases in the desert.

Particularly gratifying is that since the introduction of reform and opening to the outside world, the base has imported advanced technology and equipment. This has enabled its means of experimentation to develop into a comprehensive experimentation system comprising mainly giant computers, advanced light-measuring, telemetering, and radar equipment, as well as command and control systems. This has created a new period for the base to march toward modernization.

Economic & Agricultural

Preferential Tax Policies for Foreigners Upheld

OW1609135092 Beijing XINHUA in English
1325 GMT 16 Sep 92

[Text] Beijing, September 16 (XINHUA)—The implementation of a newly-adopted taxation administrative law will not increase the burden on taxpayers, nor will it imply a change of preferential taxation policies toward foreign-funded enterprises.

The head of the State Taxation Bureau, Jin Xin, explained this at a press conference today.

Jin said the Law on Taxation Administration adopted earlier this month is a procedural law with no reference to tax categories, tax items or tax rates.

He said the taxation preferential measures constitute an important part of China's open policy. The implementation of the new law will effectively ensure the preferential measures, thus protecting China's tax income and legal rights and interests of the taxpayers.

He said that to establish a socialist market economy and a unified market it is necessary to practise equitable taxation.

Jin said that most of the foreign-funded firms in China are good taxpayers, though there are cases of tax evasion by some.

Jin said China is taking steps to train qualified tax experts. This year the country has started its first two colleges on taxation and it plans to open more in the future.

China now has about 600,000 tax collectors around the country.

At today's press conference Jin stressed strict implementation of central government taxation policies for joint ventures.

He noted that the central government will "take a very cautious approach" towards those localities where excessive tax preferential policies for foreign-funded ventures have become a reality.

"Indiscriminate repealing of tax policies by local authorities will not help," said Jin, adding that the government is considering concrete measures to solve the problem.

Jin also revealed that China expects to reap about 350 billion yuan in taxes this year, 30 billion more than that of last year.

Economist Discusses 'Socialist Market Economy'

OW1509133192 Beijing BAN YUE TAN in Chinese
25 Aug 92 pp 6-9

[Report on "exclusive" interview with Gao Shangquan, economist and vice minister of the State Commission for Restructuring Economy, by unidentified staff reporter: "Gao Shangquan Discusses the Socialist Market Economy"; date and place not given]

[Text] Correctly handling the relationship between planning and the market is the core issue of economic structural reform. Comrade Xiaoping said: "The essential difference between socialism and capitalism does not lie in whether it emphasizes planning or the market more. Economic planning should not be equated to socialism, because planning is also practiced under a capitalist system. A market economy should also not be equated to capitalism, because market regulation is also practiced under a socialist system. Both planning and the market are economic means." By creatively developing Marxist political economics, the aforesaid conclusion of Comrade Xiaoping brings to an end a long-standing controversial issue and is of great significance for guiding economic structural reform.

A market-based economy, which is not tantamount to capitalism, cannot be considered as a mark for differentiating social systems; therefore, it stands to reason that a market-based economy can also be adopted by

socialism. This is because a market-based economy is connected with the social division of labor and commodity production, but not with social systems. Lenin once said: "Market, commodity production, and the social division of labor are interrelated." The extent to which the social division of labor and commodity production develop shows how far a market-based economy can go. Markets began to appear in the later stages of primitive society. An ancient Chinese book has a record of "people bartering goods at a market at noon." When extra commodities are produced, they ought to be traded at the markets, where cities gradually grow. The term "city" is common. It is so named both in ancient and modern times. It is also so named both at home and abroad. We do not cease to call it a "city" just because we practice socialism here in our country. China had 192 cities before adopting the policy of reform and opening to the outside world, including those established by the old society. Now China has 488 cities. In 13 years, nearly 300 cities have appeared in China. What is the explanation for this phenomenon? In the past, when a highly concentrated planning economic system was adopted, the functions of a city were limited, and it failed to play its full role. In the past 10 years and more, a commodity economy has helped promote the social division of labor, which in turn stimulated the growth of markets. As a result, the growth of cities has boomed.

Our current socialist market economy is a continuation and development of planning commodity economy. It is very difficult to distinguish a commodity economy from a market-based economy. There is no intrinsic difference between them. A modern commodity economy can also be called a market-based economy because the latter is in an advanced stage of commodity economy. The reasons can be explained as follows: 1. They must follow the equal-value exchange rule. The relations of both parties concerned are to be fixed in a form of contract; that is, relations between the state and an enterprise or relations between enterprises. 2. They must follow the rule of competition. It is very difficult to promote enterprises' economic efficiency and streamline our economic structure without any form of competition, typified by survival of the fittest. Why did we experience slow progress in restructuring our economy several years ago? One of the reasons is that we were slow in practicing bankruptcy laws; this was epitomized by the rule of the weakest going to the wall. Only when we practice the law of survival of the fittest can we readjust the economic structure and improve economic efficiency. 3. They must follow the law of value. We must engage in price reform and bring into play the leverage role of prices. Except for a few commodities whose prices will be decided by the state, the prices of most commodities will be allowed to fluctuate and be determined by the market.

This means that the theory of the socialist market economy carries forward the theory of the planned commodity economy. It is manifested in the following areas: 1. Specifically proposing the theory of the socialist market economy means that our economic operations

are based on the market and that the market is the basic form for deploying resources. Under the circumstances, it would be impossible for the theory of combining the department of planning with the department of the market to come into being because such a theory advocates that planning belongs to one department and that the market belongs to another. Meanwhile, regarding theory of the planned commodity economy proposed earlier, some people choose to emphasize their understanding of the theory on the commodity economy, while some others choose to emphasize their understanding of the theory on the planned economy by arguing that it is a planned economy with commodities. The theory of the socialist market economy such as the one we are proposing now would eliminate the above-mentioned different understandings. 2. In our efforts to promote the development of a socialist market economy, we must establish a sound system for the relevant market economy. If we want to establish such a system, we must require all the production factors to enter the market, instead of allowing some production factors to enter the market while denying market access to some others. This is the basic condition for normal operation of a market economy. 3. Proposing the theory of the socialist market economy serves the needs of China in its endeavor to participate in international competition and division of labor in the international community. The socialist market economy's operations must be in keeping with the national conditions of China, and, in addition, conform to established international practices. The degree of the Chinese economy's dependence on the international economy has gradually increased along with the expanding scale of China's imports and exports since implementing the reform and the open policy. In 1991, China's total import and export volume accounted for 36.6 percent of its gross national product, with imports capturing 17.2 percent and exports 19.4 percent. It shows that the relationship between China's economy and the international market has become closer than before. The system of the socialist market economy specifically proposed by us will be more helpful for China to restore its status as a signatory to GATT, participate in international divisions of labor and international competition, and gain a firm foothold amid international competition.

Conditions are ripe for us to promote development of the socialist market economy now, and we have the necessary foundation, too. After more than a decade of implementing the reform and the open policy, indicative planning occupies only 16 percent of the industrial output value, and of all the prices on the market, only 30 percent are set aside by the state in our country at present. More than 90 percent of economic operations in some areas, such as the special economic zones, the Zhu Jiang Delta, and the cities of Suzhou, Wuxi, and Changzhou on the Chang Jiang Delta, are regulated by the market. The reason why these areas have enjoyed such rapid economic development is that they have paid close attention to developing the market, bringing into play the role of market mechanisms, and invigorating the

economy. For example, Shenzhen has already established a market system; its economic operations are basically based on the market; and there are markets for commodities, production means, labor services, technology, houses and real estate, and property rights, plus there is a stock market in the city now. Movable property, houses and real estate, and even enterprises whose liabilities exceed their fixed assets can be sold at auction in the special market for such purposes. People and enterprises can also pay back loans to banks through auctions in Shenzhen.

In the past, we oversimplified the concept that after we implemented a system whereby land is owned by the state, land resource advantages would automatically be utilized; however, practice has shown that state ownership of land without other corresponding systems will not lead to proper utilization of land resources. Urban land was originally owned by the state. It has become certain departments' property after administrative designations. Once the wall is established, nobody cares if only grass is growing on the land within. Consequently, the most scarce land resources are left idle. Now we understand the following reasoning: Land can be leased out to others, and the right to use land can be transferred. Our financial revenue increased once we became involved in land deals. Based on experiences from other countries, land resources are basically one of the government's major revenue-suppliers, and some nations obtain one-third of their revenue from the land; however, we not only did not create any revenue from the land, but also we had to subsidize it. According to relevant information, 15 percent of a city's state-owned assets are fixed real estate assets, but they only contribute to 1 percent of the gross national product. It is very unequal. Every square meter of a commercial building in a prosperous district can create 5,000 yuan profit; however, we only charge 84 yuan for the use of every square meter of land. It means that we have lost in rent collection for failing to appropriately categorize the land; therefore, we have to establish a market system, including a land-lease market, to improve resource deployment.

Except for certain disparities, the socialist market economy and the capitalist market economy are basically similar in their operating formats and regulatory methods. The socialist market economy's main characteristics are as follows: 1. We should uphold state ownership as the main form, and other forms of ownership will develop simultaneously. 2. We should uphold the principle whereby distribution is given to each according to his work as the main form, and other forms of distribution will coexist concurrently. 3. We should persistently take the road of common prosperity, allowing and encouraging certain areas and individuals to prosper before others. 4. We should carry out reform, openness, and construction under the party's guidance.

It is unnecessary for people to worry that the socialist market economy will be detrimental to the planned economy. We stress the market's functions and regard

the market as a basic form for deploying resources; however, it does not mean that the market is omnipotent. Planning and markets have their respective functions. It is up to the government to effectively play its role, strengthen its macroeconomic regulations and control, and conduct planned administration. In fact, a pure market economy does not exist in the world. Stressing a market economy does not mean excluding planning; it merely means that matters falling under planning's jurisdiction should be managed well. Planning should be in charge of the aggregate balance and structural adjustments, and it should strategically regulate the direction of economic progress. Meanwhile, planning should supplement the market adjustments' inadequacies, develop the infrastructure, and carry out public welfare endeavors. In addition, planning should rectify the market's shortcomings. Our problems in the past were that planning took charge of matters which should not have been under its control—like enterprises' microeconomic activities. The lesson has been very profound.

In 1987, I suggested that "planning is not exclusively socialist and the market is not a capitalist monopoly," and proposed that "economic contracting be gradually substituted for mandatory planning." Facts show that planning is also practiced under a capitalist system, and that some capitalist countries have gone as far as we have in economic planning. South Korea, during the initial stage of industrialization, placed considerable emphasis on practical planning and imposed quite a few administrative interferences. Along with the development of the economy and market growth, practical planning was transformed into planning through policy guidance. The government devoted itself mainly to exercising effective supervision over the macroeconomy and cutting down administrative interferences, thereby bringing into play the role of market mechanisms. Administrative interferences during South Korea's several five-year plans produced fairly good results. In South Korea, imported cars are seldom seen on the streets. This is because, first of all, the government controls and forbids unrestricted importation of cars. Second, there are economic rules that require buyers of imported cars to pay a high tariff; as a result, people would rather buy domestically manufactured than uneconomical imported cars. Third, there are also regulations regarding the status of people using imported cars, which are available only to the president, National Assembly speaker, and chief justice. Of course, whoever has the money can buy and use imported cars, but government functionaries should not use them whenever they want. Japan, after implementing 12 economic development plans, has recently put forward a five-year plan for marching toward the goal of becoming a leading country in its standard of living. In the United States, New Jersey has set up a "planning committee" whose function is to oversee urban planning and coordinate the implementation of urban development plans. In the United States, 30 states have drafted plans for the year 2000. Have these countries become socialist because of their planning practices? No.

Likewise, in practicing a socialist market economy, we should not reject the role of planning, and, of course, we will not become capitalists. With a clear understanding of this in mind, we should dispel misgivings, emancipate our minds, and accelerate the pace of reform aimed at establishing a socialist market economic system. We should especially quicken the pace of reform aimed at transforming the management mechanisms of state-owned enterprises and at streamlining government organizations and changing their functions, in a bid to push enterprises toward markets and boost national economic development, while striving to push toward a new stage of development once every few years.

QIUSHI on Gearing Enterprises to Market

HK1609001692 Beijing QIUSHI in Chinese No 16,
16 Aug 92 pp 2-5

[Article by Yuan Baohua (5913 1405 5478): "Enterprises Should Gear Themselves to Market Demands"]

[Text] Since last spring, the relaying and implementation of Comrade Deng Xiaoping's important talks during his southern inspection tour has brought about a new situation in our country's reform and openness, like the spring rain that helps the growth of seedlings. A new upsurge of economic construction is in the making. The economic structural reform focused on transformation of the enterprise operation mechanism is advancing in depth. Such a favorable situation calls for the enterprises to grasp the opportune moment, deepen the reform, gear their operation to the market, and run the businesses on their own.

Planning and market are both economic means for the disposition of resources and the key to the economic structural reform is to organically combine planning with market and bring their respective advantages into play, thus meeting the needs in the development of the socialist commodity economy. The positive and negative experiences of many enterprises have told us that, under the conditions of the socialist commodity economy, market provides the arena for the dynamism of the enterprises, and that in order to invigorate and improve enterprise operation, it is necessary to establish a perfect market mechanism.

Enterprise dynamism is, in the final analysis, the enterprise's competitive power. Why did market slackness and product stockpiling appear during the previous period? Why did some enterprises still continue their blind production when their products were stockpiled in the warehouse? A major reason was that there was a lack of market concept and the competition mechanism. This caused waste of manpower and material resources. The competitive power of an enterprise has to take shape in the merciless waves of market competition and must be able to stand the tests of market competition. Only after enterprises enter the market can they actually attach importance to the role of the market mechanism. The ultimate purpose of socialist enterprises' production is to

continuously satisfy the increasing needs in the material and cultural lives of the people. Only when the enterprises gear their production to the market needs can consumers buy the goods they need from the market and only thus can a bridge be built between production and consumption so that consumers' demand can materialize and production can also achieve its purpose. In this sense, the dynamism of an enterprise should be tested by the market and should also be tested, in the final analysis, by consumers who are the main conduit of market activities.

The general tendency in our country's economic development has been to continuously enlarge the proportion of market regulation and narrow the scope of the state's mandatory plans. At present, the State Planning Commission still controls 72 products, with only four of them being mechanical products and the other 68 being raw materials and power products. By the end of 1990, the state still controlled just 44 percent of the steel products supplied to consumers, 40 percent of coal, 37 percent of nonferrous metals, 22 percent of timber, and 12 percent of cement. Large quantities of manufactured goods were supplied according to guidance plans or through market regulation. Such a situation indicated that to develop their production, the enterprises must gear themselves to the market. If they do not attach importance to the market, do not study it, and do not organize production and develop new products in light of its demands, they will never be able to gain a firm foothold in the fierce competition and may even be eliminated in the competition.

The enterprises not only have to gear themselves to the domestic market but also to the international market and strive to push their products into the international market. Our products will eventually face the tests of the international market. As of 1 April, we lifted the import regulatory taxes, and the actual tariff costs of 16 commodities were lowered by 28.6 percent to 61.5 percent. We are now striving to resume our seat as a signatory state in the GATT. When facing such new situations and new issues, some enterprises still did not make necessary mental preparations. They just considered how to make inroads in foreign markets and forgot that other countries' products could also enter China to compete with them.

The ingress of foreign products into China's market will pose a new challenge to our national industry. At present, many countries are pursuing protectionist policies. However, protection should also be subject to appropriate limitations and tariff adjustment is a regulatory valve. Breaking trade protectionism should be reciprocal. In such circumstances, enterprises should carefully analyze their production and operation conditions and their business strategies and effectively enhance their competitive power, especially their international competitive power. They are required to make painstaking efforts to update their management concepts and strategic options,

promote their research and development and technological transformation, improve their enterprise management and product quality, lower production costs, and advertise their products and services. Enterprises should adjust their production structure in light of the market demand, quicken the development of new products and technological progress, promote management modernization, boldly adopt and assimilate all advanced operation modes and management methods in the contemporary world, and spread and apply the modern management methods and means. Enterprises should shift the traditional production mode of producing one single product in large quantities to a new production mode of simultaneously producing a variety of products in small quantities. At the same time, their capacity of gathering, collecting, screening, and handling information should also keep pace with production development. When facing intense competition in the domestic and international markets, our enterprises must learn how to make full use of domestic and overseas resources, how to open the domestic and international market, and how to organize domestic construction and develop foreign economic relations. Only thus can they become invincible in the international competition.

How should enterprises gear themselves to the market and operate on their own? In my view, it is now necessary to properly solve the following issues:

Transforming the enterprise operation mechanism. Transforming the enterprise operation mechanism is a crucial point of the current economic reform and the primary condition for the enterprises to gear themselves to the market and to operate on their own. If enterprises do not have the decisionmaking right in their operation, lack a driving force and pressure, only bear responsibility for their profits and not their losses, then it will not be possible for them to gear themselves to the market, to conscientiously study the market, and to organize their production according to the market demand. In the transformation of the enterprise operation mechanism, at present, the most pressing task is to ensure that the enterprises have the power to handle labor and employment affairs, to manage personnel affairs, and to decide the distribution of wages and bonuses. The reform of these three systems should be taken as the breakthrough point of the enterprise reform so that the long-standing "big pot" problem can be solved and the enterprises can actually exercise their right to decide employment, personnel, and income distribution affairs with the establishment of new systems under which: "Cadres can move up and down, workers can move in and out, and wages can be raised and lowered." By the end of February this year, more than 1,000 large and medium state-owned enterprises throughout the country had reformed these three systems. The practice in these enterprises has shown that it is feasible to take the reform of the personnel, labor, and income distribution systems as the breakthrough point in the transformation of the enterprise operation mechanism. The reform of the three systems is a "tough battle" which will break through the

existing interest pattern in the enterprises and it will never be smooth sailing and will require painstaking and careful work. The program for the reform of the three systems should be repeatedly discussed by the entire workforce so that it will be supported by the workers' voluntary action. The enterprise must first make concrete analysis of its specific conditions and should not simply think that if the "three iron things" are broken, the enterprise operation mechanism will be completely changed. They should not consider the action of breaking the "three iron things" as the final purpose of the reform. It should be particularly noted that the reform of the personnel, labor, and income distribution systems in enterprises requires support from the reform of the public welfare, insurance, employment, and relief systems in society. If reforms in these fields cannot keep pace with the enterprise reform, the internal reforms in the enterprises may be held back. Therefore, making efforts to advance the reform of the social security system, and going all out to develop the tertiary industry, is a necessary step to create the broadest external environment for gearing the enterprise operation to the domestic market. Things in this regard should be done more quickly and properly.

Separating government from enterprise. The separation of government from enterprise and the separation of ownership from management constitute a prerequisite of transforming the enterprise operation mechanism. In order to move into the market, the enterprises must first change their status as subsidiaries to the government and must have full rights to operate on their own. The separation of government from enterprise first refers to the separation of the functions of the government from the functions of an enterprise. In light of this principle, the government may change its functions in three aspects: First, the government should shift from micro-economic management to macroeconomic management and its main tasks are to formulate laws and regulations, development strategies, and industrial policies; to control the overall balance between supply and demand; and to adjust the industrial layout rather than directly interfering in the economic activities of the enterprises. Second, the government should shift from direct management to indirect management and should change the method of merely using administrative means to the method of more frequently adopting such economic means as interest rates, tax rates, and exchange rates and also using legal and administrative means to regulate and control economic activities. Third, the government should play a greater role in providing services for the enterprises and supervising the enterprises rather than merely "controlling" them. Management should be included in the process of service. The transformation of the government functions also requires that the government structure be streamlined, the state of overstaffing changed, and the work style improved. Only after the government functions are changed can the enterprises be really turned into socialist commodity producers and

dealers which can operate on their own, bear sole responsibility for their own profits and losses, seek self-development, and exercise self-discipline; only thus can they gear themselves to the broad market, being able to survive and develop in the intense competition if their management and operation are successful, or being declared bankrupt, closed down, or merged if they do not operate properly. At present, a prominent problem is that some administrative departments did not take quick action in reform and still conduct unnecessary interference in enterprise operation, and enterprise leaders still have to deal with inspections, assessments, and examinations of various administrative departments and cannot concentrate on production and operation affairs. Therefore, all unnecessary administrative interference must be stopped, lightening the work loads on the enterprises. Only thus can a favorable condition be created for gearing the enterprises to the market and allowing them to operate independently.

Properly exercising macroeconomic regulation and control. When the government lifts control over the enterprises, it also frees itself from the tedious task of interfering in the enterprises' routine affairs, and thus it can really perform the function of exercising macroeconomic regulation and control. In the triangular relation between the three sides, namely, the state, the market, and the enterprise, the state and the market are linked with a solid line, as are the enterprise and the market, but the state and the enterprise are linked with a dotted line, meaning indirect control. At present, it is necessary to solve the problem marked by the weak macroeconomic control capacity; on the other hand, it is also necessary to solve the problem marked by the insufficient market growth. Therefore, it is necessary to continuously foster and improve the socialist market system by pushing enterprises into the market. The market should be systematic and open. Being systematic means that there should not only be a market for consumer goods but also a producer's goods market, capital market, technology market, labor market, information market, real estate market, and property rights market. Being open means that all local markets should be open up to all parts of the country and also open to the outside world so that a unified regional and national market can take shape gradually, and a market system converging with the international market will be gradually set up. It is necessary to manage the market according to the laws and gradually perfect the market rules and the competition mechanism. With the government institutions' functions being changed, the government will face many new tasks in legislation, coordination, service, and supervision. We should strengthen the government's capacity to exercise macroeconomic control and regulation over the operation of the national economy, give full play to the role of planning in the disposition of resources, and use the means of macroeconomic regulation and control to ensure the fulfillment of the state plans.

In the aspect of regulating and controlling the market, socialism should be more effective than capitalism.

When capitalism develops from the stage of free competition to monopoly, there is a "visible hand," which was government interference. If the "invisible hand" is the "magic power of the monster," then the "visible hand" is the "power of the truth." In capitalist countries, the "magic power of the monster" always outdoes the "power of the truth" and the market force is always out of control and gives rise to periodic economic crises. Socialism also has an "invisible hand" and a "visible hand." With the advantages of our socialist system, the "power of the truth" should be greater than that in capitalism. Therefore, we should strengthen the government's capacity to exercise macroeconomic regulation and control over the operation of the national economy and strengthen supervision and management over the market. We should not only give play to the role of the competition mechanism in the market but should also establish a good order, restrain the negative role of the market, and overcome the disorderly state of market activities. At present, our capacity to regulate and control the market is still not large enough but we can still concentrate strength to accomplish some large projects. Last year, we encountered the super floods and the disasters were more serious than those in the 1930's. However, we were still able to defeat the disasters by mobilizing the strength of the whole nation. This demonstrated the superiority of socialism. Therefore, socialism has great potential capacity for strengthening control over the market.

Giving play to the influence and role of the ideological and political work. In the past, enterprises were "protected" by the government; now, they are pushed into the market and begin to operate independently on their own. In these circumstances, if an enterprise cannot run successfully, it can only blame itself and, in a worst case scenario, the workers can blame the enterprise management for its poor and incompetent work. This brings a more difficult task and a new issue to the ideological and political work in the enterprises; at the same time, it also provides a broader scope and an important opportunity for improving and strengthening the ideological and political work. We are thus required to bring the influence and role of the ideological and political work into better play.

First, it is necessary to further enhance the ideological and political quality of the leading cadres and to bring their exemplary role in the in-depth enterprise reform into play.

Second, it is necessary to conduct education in the reform theories for the working masses. In particular, the reform of the three systems is related to the immediate interests of every cadre and every worker and will affect every household. It is not only a reform of the enterprise operation mechanism but also a profound ideological revolution. Thus, it is necessary to conduct effective ideological and political education in order to help the working masses better understand the character and purpose of the reform; help them emancipate their minds, change their ideas, remove their misgivings, and

calm their feelings; and encourage them to take an active part in the reform and support the reform, thus guaranteeing the smooth development of the reform. It is not only necessary to help workers understand the harmfulness of the egalitarian "big pot" practice but also necessary to help them realize that as commodity producers and dealers operating on their own and bearing responsibility for their own profits and losses, the socialist enterprises should not only produce more good-quality and low-cost commodities to satisfy the social needs, but should also seek the appreciation of their assets, accumulating more construction funds for the state and the people.

In the past, we used to educate the working class with the theory of surplus value in order to help them understand the exploitation of the capitalists and the necessity of the proletarian revolution. Today, it is necessary for us to use this theory to educate the broad masses of workers so that they will do their utmost to create more wealth for the state and the people; voluntarily devote themselves to socialist construction; create a labor productivity much higher than that in capitalism; and really move the national economy to the path of sustained, stable, and harmonious development. In capitalist enterprises, the means of production are owned by capitalists. Workers only own their labor and do not possess any other production factors. Through the wage labor system, capitalists can possess the surplus value created by workers with their surplus labor. This is the secret of the capitalist profits and the appreciation of assets in capitalism. However, in socialist enterprises, public ownership over the means of production still holds a dominating position. Workers' income from their collective work, namely, gross product in society, is partly distributed to each individual according to their work contributions, with the remaining part being controlled by society for the purpose of expanding reproduction, running educational and health care undertakings, covering management costs, and establishing material reserves. In

the final analysis, the latter is used to accumulate funds and create wealth for the state and the people. Therefore, capitalist production is aimed at profits, while socialist production is aimed at satisfying the people's needs in their material and cultural lives. Essential differences exist between the two sides.

Third, it is necessary to firmly rely on the masses in deepening the reform. To gear the enterprises to the market and to enable them to operate independently is an important reform measure for emancipating productive forces. Without the consent, support, and participation of the workers, such reform will not succeed. In the whole process of reform, we must firmly trust and rely on the entire workforce, and fully arouse and give play to their work enthusiasm, initiative, and creativity. At the same time, we should also give them education and help them understand that their rights and duties as masters are congruent, as are their rights, responsibilities, and benefits. In the course of in-depth reform, the master status of the working class will not decline; instead, the reform will enable the workers to better exercise their rights and perform their duties as masters of the enterprises, and their rights and duties will be unified under various enterprise management systems.

Fourth, while maintaining the factory director (manager) responsibility system, it is also necessary to give full play to the enterprise party organizations' role as the political leading force at the core. The pattern of enterprise leadership should be improved according to the three principled points, namely: "Further giving play to the enterprise party organizations' role as the political leading force as the core, maintaining and improving the factory director responsibility system, and wholeheartedly relying on the working class." This represents the crystallization of the practical experience in restructuring the enterprise leadership over many years in the past. None of the three points is dispensable. They complement each other and form a unified entity. We must fully understand them and resolutely and comprehensively put them into practice.

East Region

Fujian Secretary Inspects Zhangzhou

HK1609090692 Fuzhou Fujian People's Radio
Network in Mandarin 1100 GMT 11 Sep 92

[Text] Provincial party committee Secretary Chen Guangyi was in Zhangzhou 9-10 September. Accompanied by Tong Wanheng, Zhangzhou City CPC Committee secretary, and Mayor Han Yulin, he went to Longhai, Zhangpu, and Xiangcheng, among other counties and prefectures, to make investigations and studies of the problems concerning opening up to the outside world, developing a type of farming that provides high yields of fine quality with maximum efficiency, tertiary industry, and infrastructural projects.

Chen Guangyi inspected Jiaomei, Lantian, and Qianfeng Industrial Development Areas in turn, visiting foreign-funded enterprises in these development areas. He also made a tour of Zhangzhou City proper and inspected the highway encircling the city and other construction projects.

He listened attentively to reports by Zhangzhou's leading cadres and other relevant departments.

Jiaomei is one of the star towns throughout the country. Since the beginning of this year, the town has made big progress in introducing foreign funds to develop a type of farming that provides high yields of fine quality with maximum efficiency. Its gross industrial and agricultural output value has increased by 48 percent over the same period last year. Chen Guangyi was satisfied with their achievements. He said: As one in a hundred, yours is a star town. Without industry, you would be unable to achieve overall economic growth. You must pay equal attention to both agriculture and industry. In addition, you should promote tertiary industry. I hope you will build your town into a star town developing in an all-round way.

On learning that the Daanban farm in Zhangpu had introduced foreign funds to carry out seven projects as well as 10 improved crop strains over the last six months, Chen Guangyi said: We should vigorously introduce funds from foreign countries and Taiwan to transform old farms and develop industry and tertiary industry.

Chen Guangyi made investigations and study in Zhangzhou in November last year. He fully reaffirmed achievements made by Zhangzhou over the last two years. He said: Zhangzhou is an important area in making south-east Fujian prosper. He set forth several demands on Zhangzhou for its future development.

1. Promote the city's massive development and opening, making the Jiulong Jiang Delta a key area for development and opening and step up construction of the Zhangzhou economic development zone sponsored by the China Merchants Steam Navigation Company Limited and the Bank of China.

2. Explore new ways of developing a farming that provides high yields of fine quality with maximum efficiency. Build vast experimental and demonstration areas and a number of [words indistinct] bases. Greater efforts should be made to introduce funds, improved varieties, technologies, and talented people to transform traditional agriculture including state-owned and [words indistinct] orchards.

3. Keep effective tabs on foreign-funded enterprises, township and town enterprises, foreign exchange-earning agriculture, and tertiary industry.

While in Zhangzhou, Chen Guangyi attended the foundation-stone-laying ceremony for the Zhangpu (Wurong) Industrial Garden and went to the Zhangzhou Secondary School No. 1 to visit the teachers there.

Jiangxi Governor Addresses Production Meeting

HK1609050092 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 10 Sep 92

[Text] The provincial industrial production has maintained strong momentum marked by high speed and rapidly recovering economic efficiency since the first of August.

In the January-August period, the total provincial industrial output value stood at 31.99 billion yuan, a 19.7 percent increase over the corresponding period of last year. The production of industries owned by the whole people and the production of various large and medium-sized enterprises picked up at an accelerating pace and with a high growth rate unprecedented for the last 10 years or more. The enterprises run with three types of capital also witnessed new breakthroughs in their development with their production increasing by 117 percent. In particular, the provincewide industrial production and marketing was further linked up, and began developing in a fine orientation. In the January-August period, the provincial production and marketing rate of industrial products reached 91.7 percent. In August, the rate climbed to 98.4 percent, reaching this year's all-time high.

The increase in both production and marketing of industrial products resulted in a steady increase in economic efficiency. In the January-August period, the provincial budgetary industrial output value registered a 17.8 percent increase over the same period last year, while the product sales income saw a 22 percent increase, and the total amount of taxes and profits saw a 62.3 percent increase. Moreover, the total amount of provincial industrial losses dropped by 42.2 percent. And the growth rate of all key provincial economic indexes continued to rank prominently in the whole country.

At a 9 September provincial government meeting that analyzed the provincial industrial and economic situation, provincial Governor Wu Guanzheng affirmed all the achievements scored in the province's industrial and communications domains, and expressed the hope that

the broad masses of cadres and workers on the industrial and communications fronts will more conscientiously study and implement to the letter all the important speeches made by Comrade Deng Xiaoping during his South China tour, as well as an important speech made by General Secretary Jiang Zemin at the Central Party School, and will further emancipate minds, make persistent efforts to score new achievements, and strive for greater progress in the provincial industrial and communications productions this year.

Wu Guanzheng also called all areas and all industrial and communications departments to focus on the following three aspects of work at the moment:

1. To take the work of shifting enterprise operative mechanisms as the focus of this year's reform, and carry on the work in a down-to-earth manner;
2. To push ahead with enterprise technological transformation on a larger scale by setting a higher starting point and shooting for higher efficiency;
3. To meticulously strengthen coordination, and do a good job in reducing stockpiles, turning losses into profits, and increasing efficiency.

Shandong Leaders Attend Birth Control Meeting

SK1609013992 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 14 Sep 92

[Text] Following the State Council's telephone conference on the family planning work, our province also held a telephone meeting in this regard on the morning of 14 September. During the meeting, specific opinions on implementing the spirit of the national telephone conference on the family planning work were raised.

Jiang Chunyun, secretary of the provincial party committee, presided over the provincial telephone meeting and Zhao Zhihao, deputy secretary of the provincial party committee and governor of the province, addressed the meeting.

Zhao Zhihao said in his speech that the national telephone conference sponsored by the State Council is very important and timely. During the conference, Comrades Yao Yilin and Li Tieying delivered speeches and Comrade Peng Peiyun made a report on relaying the communiqué of family planning work done by the country in the first half of 1992. Their speeches and the national family planning communiqué have set forth demands for enhancing the family planning work under the new situation. We must earnestly implement these demands.

Zhao Zhihao said in his speech that since the beginning of 1992, our province had made new progress in the family planning work based on the marked achievements scored in 1991 and the situation as a whole in this regard is very good. According to the semiannual statistical data compiled by various cities and prefectures, the birth during the January-June period this year showed a decrease by more than 130,000 babies over the same

period of 1991. The birth rate of 14 cities and prefectures showed an obvious decrease over the same period of 1991. Judging from the work done in the first half of this year, not only did the birth rate show a large-scale decrease, but also the work quality was generally upgraded and the development in the work was relatively even. The province's family planning work is healthily developing in the direction of regarding as main tasks the reports of positive family planning achievements, achievements scored by grass-roots level units, and typical achievements; and of conducting the family planning work in a scientific, standardized, regular way in line with legal systems. The work is experiencing a historical change. When analyzing the current excellent situation, however, we have also soberly noted that the province's situation concerning population is still serious and tasks for bringing the population under control are protracted and arduous.

Zhao Zhihao pointed out in his speech that to truly fulfill the family planning work down to the grass-roots units, it is imperative to make all-out efforts and realistically do a good job in grasping the basic work at grass-roots levels. Major contents in successfully grasping the basic work at the grass-roots levels are the following four implementations: 1) The project of setting up networks and centers in charge of family planning work should be implemented organizationally. 2) The policy of managing the family planning work in line with the law should be implemented. 3) Services for contraception and birth control should be implemented. 4) The management of population plans should be implemented. The core of the four implementations is to implement the management of population plans. In enhancing the basic work at grass-roots levels, great attention should be paid to establishing stations and offices rendering services for family planning. It is not adequate for some localities to have merged their family planning service stations at the township-town level into public health centers when streamlining their institutions.

Zhao Zhihao emphatically pointed out in his speech that we must straighten out the relationship between economic development and population control. Party committees and governments at all levels must fully pay attention to the issue in this regard. As Comrade Jiang Zemin pointed out, the issue concerning population is a matter of the society and the economy. We should deeply understand the thesis and truly achieve in grasping the two works simultaneously. While conducting reform and opening up, by no means should we neglect or slacken the family planning work. Efforts should be continuously made to strictly enforce the responsibility system for fulfilling the targets of population control and to uphold the principle of having primary leading personnel of party and government organs at all levels take personal charge of the work and assume overall responsibility for it. Units at all levels are facing the end-of-term election and must realistically prevent the tendency of slackening the economic and family planning work. We should earnestly implement the systems of examining the work

records of leading cadres who are going to retire from their posts, awarding or punishing them by tracing their achievements or malpractices, and of negating all achievements as long as they have failed to fulfill the targets of family planning. In conducting reform among organs and having enterprises shift their business mechanism, we should stabilize the organs and personnel's contingents in charge of the family planning work at all levels, further reinforce them, and refrain from weakening them. While emphatically and successfully grasping the family planning work in rural areas, we should not slacken the work in urban areas. We should adopt effective measures to enhance management of the floating population and to strengthen the family planning work among the three types of foreign-funded enterprises and enterprises that will be closed, suspended, and merged into others.

Central-South Region

Guangdong Governor Addresses Judicial Meeting

HK1609094392 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 14 Sep 92

[Text] In meeting yesterday with all the department and bureau heads attending the third provincial judicial and administrative work meeting, Governor Zhu Senlin praised the public security police for their arduous efforts in reforming criminals through labor, educating juvenile delinquents through labor, conducting education in the rule of law, and rendering service according to law, which greatly contributed to Guangdong's unity and stability and economic development. Since the reform and open policies were introduced, Zhu Senlin said, the large numbers of judicial and administrative policemen have worked very hard to provide, in accordance with the law, effective service and protection for Guangdong's reform and opening and economic construction. The lawyers across the province have conducted 310,000 lawsuits and similar cases of all types; conducted 3.88 million cases related to notarial affairs; and served as legal advisers for 22,000 companies. Through their service, the lawyers have solved economic issues involving hundreds of millions of yuan, recalled 1.4 billion yuan in foreign exchange from invisible trade, and avoided and retrieved economic losses of 7.2 billion yuan.

Hainan Secretary Addresses Teachers Conference

HK1609090292 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 10 Sep 92

[Text] A provincial conference was held yesterday morning in the provincial party committee auditorium, during which Teachers' Day was celebrated and advanced teachers commended.

The conference was attended by committee leaders of the provincial party committee, the people's representatives conference, the government, and the Chinese People's Political Consultative Conference, including Deng Hongxun, Liu

Jianfeng, Yao Wenxu, Wei Zefang, Dong Fanyuan, Liu Xuebin, Cao Wenhua, Xin Yejiang, and Mao Jinfeng; Wang Wenbin, South China Air Force Unit Political Department director; Gao Xiaofeng, provincial armed police corps deputy political commissar; as well as persons in charge of the provincial education department and various Hainan-based higher learning institutions.

The conference was presided over by provincial Vice Governor Xin Yejiang. Provincial party committee Secretary Deng Hongxun delivered a speech at the conference.

On behalf of the provincial party committee and government, Deng Hongxun first and foremost extended festival greetings and congratulations to all the teachers across the province. He said: Since Hainan became a province, the provincial party committee and government have attached both priority and importance to education. Despite limited funds, Hainan's input in education has increased by a relatively large margin over the past few years.

Deng Hongxun noted: Along with the development of the Hainan Special Economic Region, we have come to understand more clearly the importance of successfully developing education, training more qualified personnel, and improving both scientific and cultural quality of citizens in the Hainan Special Economic Region. Viewed from all angles, education, the foundation for building socialist material civilization and spiritual civilization, should be developed further and more rapidly. Thus, we must adopt feasible and practical measures to develop education, which is the basic capital construction.

Deng Hongxun held: Since it is aimed at providing services, education development should be based on economic development on the one hand and serve economic and social development on the other. Therefore, as an educational worker in the Hainan Special Economic Region, one should learn economics, clearly understand the overall situation, and actively carry out reform in order to make education more actively and more effectively serve economic construction and social development of the Hainan Special Economic Region. Should one fail to show concern for and understand economic and social development, one would certainly fail to take the initiative to push educational reform forward.

Deng Hongxun stated: In order to bring about an extraordinarily fast provincewide economic development, we need to train tens of thousands of qualified personnel of all disciplines, as well as laborers proficient in modern techniques. This is at once an urgent task and an important task raised by the latest development of the Hainan Special Economic Region for Hainan's education front. I hope that all the teachers across the province will bravely shoulder rather than shirk their heavy responsibilities, and will make continued efforts to push ahead with and deepen Hainan's ongoing educational reform, render intellectual support, and contribute more to the development of the Hainan Special Economic Region.

Deng Hongxun added: Esteeming knowledge and qualified personnel, respecting teachers, and giving priority to education still remain one of our country's basic national policies. Successfully developing education, respecting teachers, and giving priority to education are a task not only for the educational departments, but also for the whole society. We must mobilize the whole society to show concern and support for education. The party and government leaders at all levels as well as people of all walks of life must attach long-term and strategic importance to education, and do more realistic things for teachers in a down-to-earth manner.

At the conference, the provincial leaders conferred silk banners and prizes on a total of 28 advanced collectives that had excelled in respecting teachers and giving priority to education, including Wenchang County and Wenxin Cable Factory, as well as a total of 27 advanced individuals that had excelled in respecting teachers and giving priority to education, including Zheng Zhuangping and Huang Yuzheng. The leaders also conferred certificates of honor on a total of 45 special-grade teachers.

The Young Pioneers presented flowers to all the units, individuals, and special-grade teachers commended at the conference.

A written proposal was read out and adopted at the conference, which called on the whole society to create an atmosphere in which teachers are respected and education is valued.

Hainan, Hunan Sign Cooperation Agreement

HK1609095192 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 13 Sep 92

[Summary From Poor Reception] Party and government leaders of Hainan and Hunan gathered in the (Qiongyuan) Guest House yesterday morning to attend a ceremony for signing an agreement on economic and technological cooperation between the two provinces.

Xiong Qingquan, Hunan Provincial CPC Committee secretary; Wang Xiaofeng, Hunan vice governor; (Du Qinlin), Hainan Provincial CPC Committee deputy secretary; and Bao Keming, Hainan executive vice governor, made speeches stressing the significance of the cooperation between the two provinces.

Under the agreement, Hunan will build an industrial city in Hainan covering 2 sq km and join Hainan in growing tropical crops, developing real estate industry, and so on.

Henan Foreign Trade Fair 'Great Success'

OW1509195192 Beijing XINHUA in English
1551 GMT 15 Sep 92

[Text] Zhengzhou, September 15 (XINHUA)—The Henan Foreign Trade Fair, which ended here today, achieved a great success as the total business volume for export reached 106.8893 million U.S. dollars.

During the fair, contracts for 144 projects were signed, involving foreign capital of 191.7689 million U.S. dollars.

Taking advantage of the '92 China Zhengzhou International Shaolin Martial Arts Festival, the foreign trade fair attracted more than 500 investors from 39 countries and regions including the United States, Japan, Germany, Britain, France, Indonesia, Hong Kong, Macao and Taiwan.

About 100 foreign trade companies and industrial enterprises displayed more than 10,000 new products and over 1,000 cooperative projects in the fair for overseas investors and traders to choose from.

Hubei Secretary Meets Modern Drama Troupe

HK1609020392 Wuhan Hubei People's Radio
Network in Mandarin 1000 GMT 11 Sep 92

[Text] Yesterday morning, Guan Guangfu, provincial party committee secretary; Zhong Shuqiao, deputy secretary; and Liang Shufen, provincial people's congress vice chairwoman, called on artists from the Hubei modern drama troupe when the troupe celebrated the 40th anniversary of its founding.

The troupe has been creating and performing excellent plays for 40 years. Especially since the introduction of the reform and opening up policies, it has put on several popular plays, such as *The Major River Flows Eastward*, and *Log of the No. 52 Team*. The troupe has brought forth famous artists like (Seng Hongguang) and (Xiao Huifang).

Guan Guangfu said: The troupe has made such brilliant achievements because its members have gone along with the tide of historical development, have shared a common fate with the masses, have adhered to the cause of serving the people and socialism, and have worked together to advance our artistic undertaking. He encouraged artists to continue with this fine tradition, to plunge into the impassioned arena of reform, learning from the reform process and putting on plays depicting reform, and to create more artistic works commensurate with the times.

When discussing the difficulties we are having in developing artistic undertakings, Guan Guangfu said: Artistic groups must also deepen reform and expand the field of artistic creation. They must create popular performances as well as cultivate the creative crew's strong points to create small plays with different styles embraced by the masses.

Southwest Region

Guizhou Training Minorities To Boost Economy

HK1609092292 Beijing RENMIN RIBAO in Chinese
6 Sep 92 p 3

[XINHUA report by reporter Long Xiangchao (7893 0686 6389): "Guizhou Trains Qualified Personnel To Boost Economic Development"]

[Text] Guiyang (XINHUA)—Guizhou Province, which is inhabited by many minority nationalities, attaches importance to the work concerning minority nationalities, and has brought about a new atmosphere of vigorous development in areas inhabited by minority nationalities.

The population of minority nationalities in Guizhou accounts for over 12 percent of the population of minority nationalities in the whole country. The Guizhou Provincial CPC Committee and the provincial government hold that to develop the economy in the areas inhabited by minority nationalities, it is necessary to first train qualified personnel and develop science and technology. So, in the early 1980's, the province began to adopt a series of special policies to boost education for minority nationalities according to the local conditions. At present, there are 165 primary schools, 27 secondary schools, 17 vocational and technical schools, eight secondary teachers' schools, three administrative management schools, three postsecondary teachers' schools, and one college for minority nationalities. Thus, an integrated educational network from elementary education to higher education for minority nationalities has taken shape in Guizhou. The current number of minority nationality students in various schools exceeds 1.9 million, and accounts for over one-third of the total student number in the province. Over the past 10 years, several million qualified people of minority nationalities were trained at various levels for economic construction.

Guizhou Province not only selected and sent tens of thousands of minority nationality cadres to study in colleges and universities, it also set up three nationality administrative management schools in three autonomous prefectures. These schools enroll students from remote mountainous areas inhabited by minority nationalities, and train township and town cadres and economic management personnel urgently needed in these localities. Thanks to the adoption of these special policies for training minority nationality cadres, the contingent of minority nationality cadres in Guizhou Province has been growing stronger. At the end of 1991, there were 156,000 minority nationality cadres, an increase of 180 percent over that in 1978. The proportion of minority nationality cadres in the total number of cadres in the province increased from 12.9 percent in 1978 to 24.6 percent.

Guizhou Province pursues the policy of giving priority to the arrangements of the projects for developing industrial and agricultural production in areas inhabited by minority nationalities and supporting the key projects. The provincial authorities allocate more financial resources to these localities in order to reduce the debt burdens on them. According to statistics by the provincial economic commission, between 1985 and 1991, 127 major technological transformation projects valued over 3 million yuan were launched by the provincial authorities in the three autonomous prefectures of Qiannan, Qiongdong, and Qianxinan, and in Weining and 10 other autonomous counties. The total investment in these

projects reached 975 million yuan, accounting for one-quarter of the province's total investment. This effectively promoted economic development and social progress in the areas inhabited by minority nationality. A batch of backbone enterprises, including the Kaili Textile Mill and the Kaili Polyester Fiber Plant, were built. In the period of the Seventh Five-Year Plan, the total industrial output value of the Guizhou minority nationality areas increased from 1.416 billion yuan in 1985 to 3.027 billion yuan in 1990 (calculated according to constant prices at the 1980 level); and marked a growth rate of 113.7 percent. This was much greater than the industrial growth rate of 75.36 percent in the province in the same period.

Yunnan Party Secretary on Organization Work

HK1609092792 Kunming YUNNAN RIBAO
in Chinese 25 Aug 92 p 1

[By staff reporter Sun Cuifang (1327 5050 5364): "Pu Chaozhu Stresses at Provincial Organization Department Heads Conference That Organization Work Must Serve Economic Work"]

[Text] Yesterday afternoon, at the provincial conference of organization department directors of the prefectural, autonomous prefectural, and city party committees, Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, stressed: Organization work must serve economic construction as the center, must strive for ideological emancipation and conceptional transformation, and must select talented people by breaking the rules. It must select those cadres who have good moral character, who boldly blaze new trails, who work hard for reform, who have done outstanding performances in work, and who are able to create a new situation in economic construction. They must be entrusted with important tasks, pushing the province's reform and opening up and economic construction to a new stage.

Pu Chaozhu said: During the last 10 years or so since the Third Plenary Session of the 11th CPC Central Committee, one of the important reasons we have managed to achieve successes in various fields is that, in our organization work, we have distinguished right from wrong in the major events of the past, have redressed unjust, false, and wrong cases, have smashed the factionalist setup of the "Gang of Four," putting leadership powers firmly in the hands of trustworthy people, and have promptly put forth a series of principles, such as the "four transformations" of leading cadres. The organizational line serves the political line and guarantees its realization. The province's reform and opening up and economic development have entered a new stage, and the next eight years will be of crucial importance. How should organization work better serve economic construction as the center? Leaders should know their subordinates well enough to assign them jobs commensurate with their abilities. Therefore, the effort to build leading bodies at all levels into bodies that are politically firm, bold in

making reform, united, coordinated, honest in performing official duties, rationally structured, and small in number but highly trained and efficient has very far-reaching significance. Organization departments must have a sense of responsibility and urgency.

When touching on the question of the need for organization departments to achieve ideological emancipation and conceptual upgrading, Pu Chaozhu said: Organization work in the new period must serve economic construction. Therefore, the underlying objective of selecting and making use of cadres is to see whether they can open a new situation in reform and opening up and economic development of a locality or a department. We must never make ordinary promotions and demotions of cadres by divorcing ourselves from economic construction and purposely create new positions for cadres to fill just for the sake of achieving a balance. This way of doing things will make the selection and assignment of cadres and economic construction two completely unrelated things and will even give rise to the phenomenon in which cadre assignments are made unrealistically or randomly in some specific cases. This is incompatible with the situation of ever faster reform and opening up and economic construction. Talented people should be selected by breaking the rules. Those cadres who have good moral character and great abilities, who have made outstanding performances at work, and who are able to create a new situation in reform, opening up, and economic development should be boldly used once we are certain of success without regard to seniority, length of service, and worries about the security of one's position. The selected cadres who lack experience can study and enhance their abilities in practice. In making use of people, we must look at a person's primary and essential qualities while keeping in mind the course of his development. In the process of his growth to maturity, any person has his specific achievements and mistakes. We should not judge a person by a single act or a short period of his life; rather, we should distinguish primary from secondary qualities, shortcomings from strong points, and essential from nonessential qualities. We should cultivate his strong points. As long as those cadres who make mistakes at work have the spirit of blazing new trails and can open a new situation in reform and opening up and economic construction, they should continue to be boldly used. On the other hand, those "officials who lack initiative," who have only average political integrity and ability, who are overcautious, and who have failed to open up a new situation in economic construction in the new period should not be entrusted with important tasks. In the new period, we should foster the idea that "making no contributions is tantamount to making mistakes." To judge whether a cadre serves the people wholeheartedly, we should assess his ability to lead the masses of the people in creating a new situation in economic construction and work for the benefit of the people. If a cadre has worked for many years in a locality, but the face of the locality remains unchanged, he is really a man of limited ability. On no account should we promote cadres from this category to leading bodies.

On the question of how to judge cadres' political integrity and ability and uphold the principle of the "four transformations" of cadres, Pu Chaozhu said: The requirement of being younger in average age is based on the cadres' age and that of being more knowledgeable is based on their diplomas. How should we assess the requirement of "being revolutionary?" In my opinion, first of all, we should examine the cadres' political position at crucial historical junctures. Second, we should see whether they are active and vigorous or passive and dull in implementing the party's basic line and carrying out reform and opening and economic construction during normal times and whether they can unite with the majority of the people in doing work. In assessing both political integrity and ability, we primarily stress practical achievements. Without practical achievements, any discussion of ability will be abstract. Third, we should examine the cadres' accomplishments in ideological character and awareness of style. We should boldly use those cadres who have dared to break away and act—even if they had shortcomings in their previous work and even committed mistakes—as long as they did not degenerate and abuse power for personal gain.

On the question of how to discover talent, Pu Chaozhu said: People doing organization work should not only fear making the wrong use of talent but should all the more fear stifling and wasting talent. Comrades who are engaged in organization work should leave their offices and enter the real arenas of reform and opening up and economic development to seek and select talented people. It is necessary to set up a talent reserve bank.

On the question of the timetable and arrangements for the government change work [huan jie gong zuo 2255 1447 1562 0155], Pu Chaozhu said: The task of the work to be carried out next year is heavy, because it will be carried out at the provincial, prefectural, county, and township levels side by side. Today is a critical time, as all localities are studying the gist of Comrade Deng Xiaoping's talks and are seeking ways and secure means with which to speed up the pace of reform and opening up and economic construction in light of their own actual conditions. Therefore, party committees at all levels must make rational arrangements, but they should still devote their energy to economic construction as the center. The provincial party committee has decided that the work to change the people's congress, the government, and the Chinese People's Political Consultative Conference is to be carried out at the expiration of their terms, and the counties and townships' government change work is to be completed before the busy spring plowing season next year. During this period, organizational departments should work hard to do a good job of investigations and study, make a relatively appropriate appraisal of the leading bodies at various levels, and lay a solid foundation for the smooth progress of government change work.

Yin Jun, deputy secretary of the provincial party committee, attended the conference and delivered a speech.

The three-day conference of organization department directors successfully ended today.

North Region

Hebei Increasing Foreign Economic Ties

SK1609030792 Shijiazhuang HEBEI RIBAO
in Chinese 28 Aug 92 p 1

[By Jin Mao (6855 5399) and Jin Ying (6651 5391)
"Hebei Has Become Increasingly Close With Countries
in the World"]

[Text] Hebei Province has friends all over the world at present. According to the data disclosed by the provincial opening-up office, our province has, to date, set up economic and trade relations with more than 130 countries and regions in the world and maintained close trading exchanges with more than 1,000 foreign business firms. The province has established friendly ties with 23 foreign provinces, states, and counties (districts), including Iowa in the United States, Nagano and Tottori Prefectures of Japan, the East Flanders Province of Belgium, the Leningrad Oblast of Russia, the Veneto Region of Italy, and the Buenos Aires Province of Argentina. Prior to 1984, the province had contacts only with the United States and Japan.

Since the enforcement of opening up, the province's investment environment that has unique characteristics has been increasingly known by the businessmen of various countries. Businessmen from more than 40 countries and regions in the world have opened the joint-venture, cooperative, and wholly foreign-funded enterprises in the province.

Northwest Region

Five Capitals Become Base for Opening Up

HK1609015892 Beijing XINHUA Domestic Service
in Chinese 0641 GMT 1 Sep 92

["The Capitals of Five Provinces and Regions To
Become a Base for Opening Up to the Outside World"]

[Text] Beijing, 2 Sep (XINHUA)—On the vast loess plateau in northwest China, and in the oases in the Gobi Desert, five provincial and regional capitals—Xian, Lanzhou, Urumqi, Yinchuan, and Xining—are becoming popular places for foreign investors and a base for opening up to the outside world.

These five cities are the political, economic, cultural, and communications centers in their respective provinces and regions; in their provinces and regions, they have 40-50 percent of the industrial output values, 50-80 percent of foreign-funded enterprises, and 50 to almost 100 percent of foreign tourists. Xian and Lanzhou are the scientific research and educational bases in the country, and the number of scientific research personnel

per 10,000 persons rank them among the top five in the country, and their aircraft manufacturing, electronics industry, machinery, petrochemical industry, and non-ferrous metals have an influence on the whole country. As of May this year, more than 220 foreign-funded enterprises were operating in the Xian area; in the first half of this year, 70 foreign-funded enterprises were established in the Lanzhou area, involving an investment of \$120 million. As an emerging important base and bridgehead for opening up to the places to its west, Urumqi is trying hard to build itself into a products production base, an international entrepot, and an important center for buyers and tourists. At present, the city has launched 24 foreign-funded projects, with an investment of nearly \$60 million, and one of the projects is Xinjiang Tianshan Textile Products Company Limited, which is a joint venture enterprise listed as one of the 10 best in the country.

In order to concentrate strength and expedite opening up, the five cities have established national or regional economic development zones. The high- and new-technology industrial development zones in Xian and Lanzhou are state level development zones. Xian High- and New-Technology Industrial Development Zone includes three parts: An electronics city, which has already been built; a science and technology corner, which is being developed; and a new district, which is under construction. In the first half of this year, this development zone approved more than 30 projects for accepting foreign investments, and among them 11 have already begun production. Lanzhou High- and New-Technology Industrial Development Zone has 168 enterprises; its total investment is 175 million yuan, and it has 11 foreign-funded enterprises. Along with the rapid development of the opening up to the places west of it, Urumqi Economic and Technological Development Zone has emerged; before its ground-breaking ceremony on 18 July, over 150 foreign firms had come for negotiations. Since the stone-laying ceremony on 18 May this year, Yinchuan High- and New-Technology Industrial Development Zone has been building 30,000 square meters of standard factory area, and has accomplished negotiations on 20 projects. Xining City has decided to build an economic development zone in Datong County's Qiaotou Town.

As the state grants interior provincial capitals the preferential policies enjoyed by the open coastal cities, the five provincial and regional capitals in the northwest have all expedited opening up to the outside world. Xian City, which is a city listed separately for development in the country, plans to increase export from last year's \$130 million to \$200 million this year, and establish foreign-funded enterprises which are 10 times the total established in the past 10 years. At an economic and trade meeting in Beijing in May this year, Xian City secured deals amounting to \$154 million; at another meeting in Tokyo in July, it again secured deals amounting to \$123 million. Lanzhou, which is the largest city upstream on the Huang He, has announced 144

projects seeking foreign cooperation, and is now holding negotiations on 44 of them. In July this year, Lanzhou organized an economic and trade fair in Macao for the first time, and signed export and trade contracts involving \$12.8 million, twice the total export volume for last year.

During interviews with reporters, the leaders of the five provincial and regional capitals all said that they will build their cities into model cities of opening up to the outside world, so as to stimulate the open-door undertakings in the provinces and regions.

Gansu Governor Returns From CIS Visit

HK1609054192 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 9 Sep 92

[Text] The Gansu Provincial Government Friendship Delegation headed by provincial Governor Jia Zhijie successfully wound up its visit to four CIS countries and returned to Lanzhou yesterday. Provincial Vice Governor Zhang Wule met Provincial Governor Jia Zhijie and his entourage at the airport.

Provincial Governor Jia Zhijie held talks with the principal officials from the foreign ministries, industry ministries, communications ministries, and foreign economic relations and trade ministries of the CIS countries they visited. Both sides also held beneficial discussions on furthering economic and trade cooperation as well as scientific and technological exchanges between Gansu Province and various CIS countries. The delegation also reached a consensus with the relevant departments of the Republic of Kazakhstan and the Republic of Uzbekistan on various issues, including actively improving air and railroad transportation between Gansu Province and various Central Asian countries.

The delegation also visited some enterprises, scientific research institutions, and universities and conducted relatively extensive and in-depth on-site investigations of markets and economic and trade cooperation conditions in various CIS countries, thus laying a sound basis for future economic and trade cooperation and exchanges between Gansu Province and various CIS countries.

During the delegation's visit to the CIS countries, a number of professional groups specializing in either economic or trade affairs, which had been sent by our province to those countries, also actively carried out their work there, thus effectively cooperating with the delegation in making even greater achievements.

Opens First Silk Road Festival

HK1609092492 Lanzhou Gansu People's Radio Network in Mandarin 2300 GMT 10 Sep 92

[Excerpts] The First China Silk Road Festival was solemnly observed in Lanzhou yesterday morning. [passage omitted]

Provincial party committee Secretary Gu Jinchi declared the First China Silk Road Festival open at 0900.

Li Hulin, provincial party committee standing committee member and Lanzhou City Party Committee secretary, presided over the opening ceremony.

Ke Maosheng, the First China Silk Road Festival Organization Committee chairman and Lanzhou City mayor, delivered an opening speech. [passage omitted]

Kang Shien, Central Advisory Commission Standing Committee member; Fei Xiaotong and Lei Jieqiong, National People's Congress Standing Committee vice chairmen; Wang Enmao and Zhao Puchu, Chinese People's Political Consultative Conference [CPPCC] National Committee vice chairmen; and Wang Feng, former CPPCC vice chairman, attended the opening ceremony.

Li Ziqi, Chao Pengsheng, [provincial governor] Jia Zhijie, Xu Feiqing, Ge Shiyong, Lu Kejian, Yan Haiwang, Sun Ying, and others also attended the opening ceremony. [passage omitted]

Shaanxi Governor Addresses Work Conference

HK1609090592 Xian Shaanxi People's Radio Network in Mandarin 0030 GMT 8 Sep 92

[Excerpts] Provincial Governor Bai Qingcai delivered a speech yesterday afternoon at a provincial conference on summing up work of implementing regulations for industrial enterprises to shift operative mechanisms.

Bai Qingcai said: We must closely study all important speeches made by Comrade Deng Xiaoping during his south China tour, and continually emancipate our minds in the course of implementing and carrying out the regulations. In this connection, we must first and foremost emancipate minds; update ideological concepts; transform a product economy mentality and a natural economy mentality into a commodity economy mentality and a market economy mentality; further deepen ongoing economic structural reform by focusing on shifting enterprise operative mechanisms; push ahead with overall reform; whip up a new momentum of reform; and set off a new upsurge of reform.

Bai Qingcai noted: All enterprises should develop a pioneering spirit of daring to explore, experiment with, and try out new practices and measures while shifting operative mechanisms, speeding up technological progress, and readjusting product mix. Enterprises should behave as independent commodity producers and operators, enter markets, throw themselves into reform, and forge ahead through bold explorations in the reform drive. [passage omitted]

Bai Qingcai added: The regulations implementation is a task for both enterprises and party and government departments. All government departments are shouldering an unshirkable duty of helping enterprises acquire and exercise operational decisionmaking powers and further reform.

In his speech, Bai Qingcai also dwelt on developing tertiary industry and properly handling relations

between economic growth speed and economic efficiency. Bai stated: In developing the tertiary industry, we must try to build more collectively and individually run enterprises. The development of various types of economic entities comprising various economic elements conforms with a faster tertiary industrial development and hereby constitutes an important way out for all party and government organs to streamline their institutions. As regards properly handling relations between speed and efficiency, Bai emphatically noted: We must at once emancipate minds, speed up economic growth, and pay growing attention to increasing economic efficiency. [passage omitted]

The four-day work conference wound up after successfully fulfilling its agenda yesterday.

Provincial Vice Governor Liu Chunmao presided over yesterday afternoon's summing-up meeting, at which provincial Vice Governor Xu Shanlin delivered a concluding speech. [passage omitted]

Welcomes Fair Participants

*HK1609094592 Xian Shaanxi People's Radio
Network in Mandarin 0030 GMT 14 Sep 92*

[Text] Last night the provincial government held a grand reception at the Xian Sheraton Hotel to welcome representatives of domestic and foreign guests coming to Xian to attend the China Northwestern Area International Economic and Technological Cooperation Fair.

In his speech Governor Bai Qingcai expressed warm welcome and thanks to guests from the country and abroad. Bai Qingcai said: The current fair is held at a critical moment when various places in northwest China are giving play to their regional advantages, joining forces to step up opening up to the outside world, and developing foreign economic relations and trade as well as technological cooperation. The former silk route

started from here. Now it is all the more necessary for northwest China to open its doors to the rest of the world. We sincerely welcome friends from the country and abroad to come to Shaanxi and northwest China to hold trade talks, to travel, or to carry out technological cooperation to promote economic prosperity.

A total of 130 people attended last night's reception, including responsible members from relevant departments under the State Council and from relevant provinces, autonomous regions, and cities; guests from the UN Industrial Development Organization, the UN Development Program, and the Asian Development Bank; and representatives of guests from Japan, the United States, Belgium, Thailand, Hong Kong, Macao, and other countries and regions.

Vice Governor Zheng Silin presided over the reception.

Before the reception, Governor Bai Qingcai met with Domingo L. Siazon Junior, director general of the UN Industrial Development Organization, and his party at the same hotel and held a friendly and wide-ranging conversation with the guests.

Bai Qingcai briefed the guests on Shaanxi's economic and cultural development. He told Siazon in gleeful mood: Both you and I are heads of the leading group for the current fair. What do you think of economic development in northwest China? Siazon replied: I am glad that the UN Industrial Development Organization is able to join five provinces and autonomous regions in northwest China in holding such a grand fair. I believe the fair only paves the way for foreign investment. You should think over what you will do after the fair, that is, how you will cooperate with the Asian Development Bank and the UN Industrial Development Organization in creating a favorable investment environment.

Yesterday afternoon Siazon and his party visited the Shaanxi history museum.

Russia Rules Out Official Ties With Taiwan

*OW1409140292 Beijing XINHUA in English
1351 GMT 14 Sep 92*

[Text] Moscow, September 14 (XINHUA)—Russia ruled out the possibility of establishing official links with Taiwan, a Russian Foreign Ministry official told ITAR-TASS today.

The reports that Russia is planning an exchange of official representatives with Taiwan are totally groundless, he said.

The Russian side has not renounced its known position with regard to the Taiwan problem, and has no intention to review this position, the official said.

Taiwan Students Meet Vice Premier Wu Xueqian

*OW1509105592 Beijing XINHUA in English
0920 GMT 15 Sep 92*

[Text] Beijing, September 15 (XINHUA)—Vice-Premier Wu Xueqian met with a delegation of college students from Taiwan here today.

The 22-member delegation include students from various universities and colleges in Taiwan.

They are scheduled to visit Beijing, Nanjing, Shanghai, Hangzhou and Guangzhou, and have get-togethers with students on the mainland.

Present at today's meeting were Wang Zhaoguo, director of the Taiwan Affairs Office under the State Council, Tang Shubei, vice-president of the Association for Relations Across the Taiwan Straits, and Zhang Baoshun, chairman of the All-China Youth Federation.

Foreign Ministry Spokesman on Talks With ROK

OW1609085792 Taipei CNA in English 0746 GMT
16 Sep 92

[Text] Taipei, Sept. 16 (CNA)—No concrete conclusions were reached Tuesday during talks on a new framework for relations between the Republic of China [ROC] and South Korea.

Ouyang Jui-hsiung, spokesman of the Ministry of Foreign Affairs, said however that the two sides were not "speaking their own languages."

The spokesman declined to disclose any contents of the talks, as did Chung Il-kwon, a former South Korean prime minister acting as an adviser to the Seoul mission.

The talks were held at the ministry with Foreign Minister Chien Fu leading the Republic of China delegation and Kim Jae-soon, former National Assembly speaker, at the head of the South Korean delegation.

Informed sources said Taipei demanded its new representative office in Seoul be allowed to bear the ROC's official name and that its staff be given diplomatic immunity.

The Koreans, under pressure from communist China which set up diplomatic ties with Seoul last month, would like to follow the "Singapore" or "Saudi Arabia" formula in treating the Taipei representative office, the sources added.

In both Singapore and Saudi Arabia, the ROC's official title cannot be used but its officials are accorded diplomatic treatments.

Ouyang said Charles King, former ROC ambassador to Seoul, will continue talks with Kim today. He would not predict whether any agreement would be struck.

"The South Korean delegation will take home our side's views and the contents of today's talks for its government to make a final decision," said the spokesman.

The seven-member South Korean delegation arrived at noon to the welcome of Vice Foreign Minister Chang Hsiao-yen and King. Chang greeted Kim in English as King and Chung talked in Chinese.

Kim then read a prepared statement announcing that they were coming here "with pricked sticks on our backs to beg for pardon," referring to a Chinese allusion to a repentant man seeking rapprochement with a friend.

"Meeting our old friends, we are supposed to be happy but we are not, because we cannot feel relieved at the severance of our diplomatic relations," Kim said.

He continued that for the sake of the long-term interest of the two countries, both parties must "coolly and composedly" discuss matters related to their future friendly ties.

"We sincerely hope the political and economic leaders and the people of the Republic of China will understand our position," Kim said.

During a meeting with Chien, Kim reiterated that Seoul is sincere in seeking to maintain friendly ties with Taipei. Kim cited South Korean President No Tae-u's instruction that bilateral ties should be strengthened in spite of the suspension of official relations.

An indignant Chien retorted, "Sino-Korean ties were not respected when they were official. How could they be strengthened after they were cut?"

"We had tried our level best to maintain the root of Sino-Korean relations, but No has cut it off. Without a root, how can bilateral ties be strengthened?" Chien asked.

Kim was more specific when he met Premier Hao Po-tsun, saying that South Korea wants to continue cooperative ties with the ROC in the cultural, economic, social and educational fields.

Hao told Kim that he still could not comprehend why the South Korean Government has set up official ties with a regime which sent troops to butcher the Koreans during the 1950-53 Korean War, particularly at a time when the "war against communism" is about to be won.

Still, the premier added, "we would like to maintain our long friendship with the Korean people."

Hao said, "we too are dealing with Mainland China, with a view to inducing 'peaceful evolution' on the mainland, hoping that communism will disappear from there as a result."

"We are not against the Korean Government having cultural and economic exchanges with communist China. But for it to set up political links at the expense of an old friend is beyond our comprehension," he added.

He called No's decision to set up official ties with Peking "a historical error" which will only benefit "the enemy" and will delay Korea's unification.

Hong Kong

Governor Meets UK Prime Minister in London

HK1609061792 Hong Kong SOUTH CHINA
MORNING POST in English 16 Sep 92 p 1

[By David Wallen in London]

[Text] The Governor, Mr Chris Patten, has given an assurance that Hong Kong people will give "an enthusiastic endorsement" to his package of constitutional reforms planned for October 7.

"They will recognise that I have done my very best," Mr Patten said after meeting the Prime Minister, Mr John Major, and Foreign Secretary, Mr Douglas Hurd, in London yesterday.

"What I will be attempting to do is to act in the best interests of the people of Hong Kong and I hope that the people of Hong Kong will believe that that is exactly what I have done when they read my speech."

Mr Patten arrived at 5 am for a lightning visit to London that will see him back in the territory later today.

After a breakfast with Mr Major and talks with Mr Hurd, Foreign Office Minister Mr Alastair Goodlad and other officials, Mr Patten denied that the suddenness of his trip meant there were any differences between Government House and Whitehall.

"I don't normally disagree with my friends," he said, adding that Mr Major was happy with the talks.

"It was a great pleasure for me to spend most of the morning with one of my closest friends."

In a BBC radio interview, Mr Patten stressed the desire of the Hong Kong people for more democracy.

Asked if this meant he would appoint a pro-democracy figure to the Executive Council, his only comment was that people would have to wait for his policy speech to the Legislative Council.

Nor would he say much about his visit to Beijing on October 11, except that he was looking forward to talks with the head of the Hong Kong and Macao Affairs Office, Mr Lu Ping.

"We all want to see a smooth transition in Hong Kong and the safeguarding of Hong Kong's prosperity and stability and the safeguarding of Hong Kong's way of life," Mr Patten said.

He said the purpose of his visit was to pass on the contents of the discussions he had held with the territory's opinion leaders since arriving in July.

"I gave them my impressions for the best way forward, socially, economically and politically for Hong Kong," he said.

"The meetings we had were extremely useful from my point of view and of the Prime Minister and senior colleagues.

"I left Hong Kong cheerfully yesterday morning and I shall return to Hong Kong cheerfully this evening."

On Chek Lap Kok airport, the Governor said he hoped the "log jam" could be broken and that the Hong Kong side would be making new proposals at an Airport Committee meeting today.

"I believe they will be regarded as a very constructive way forward so that we can end this disagreement and complete the airport as soon as possible."

Mr Patten described China's proposals last week on funding as "very interesting".

"We'll be responding with our proposals tomorrow and I very much hope that on their merits we can sort these issues out very speedily indeed."

Mr Patten spent the afternoon privately with his daughter, Laura.

A vice-director of the local branch of the New China News Agency, Mr Zheng Hua, declined to comment on Mr Patten's trip to London.

"He only returns to London to report duties," he said.

Mr Zheng also declined to reveal the date Mr Patten would meet the director of the agency, Mr Zhou Nan, before the Governor delivered his maiden policy speech in the Legislative Council.

Legislative Councillor Mr Chim Pui-chung yesterday urged Mr Patten to carefully consider both Hong Kong people's wishes and China's position on the territory's constitutional reforms in shaping his policy address.

With future political development linked to the 1997 handover, Mr Patten should not only take into account British interests, Mr Chim said.

Ship Crew 'Forced' To Admit to Smuggling

HK1609082692 Hong Kong SOUTH CHINA
MORNING POST in English 16 Sep 92 p 2

[By Greg Torode]

[Text] Chinese authorities targeted a ship intercepted off Hong Kong this week because its captain had spoken out against earlier treatment at the hands of the Shekou Public Security Bureau, agents said yesterday.

Konwa Shipping managing director, Mr Tang Chanpui, said the Chinese were employing "bullying tactics" on Monday by firing on and intercepting the East Wood just inside Chinese waters off Waglan Island.

The ship and crew had earlier spent 10 days under armed guard in Shekou after it was seized making its way to

Hon Gai in North Vietnam. Its \$15 million worth of cargo, including 50 new cars, remains confiscated.

On his return to Hong Kong, Captain Cheng Wanchun said he and his crew had been forced to sign statements saying the goods had been smuggled.

This time the 7,000-tonne ship was loaded with construction steel bound for Shanghai.

Mr Tang said: "Clearly, it had a cargo that was not suspicious and it was not bound for Vietnam."

"They just wanted to scare the master, they seem to know all about the movements of the ships."

It was the third ship in a week to be intercepted off Waglan Island, an area which lies near restricted waters surrounding a sensitive Chinese naval base on Lema Island.

A patrol boat appeared to be waiting for the ship as it crossed the border at about 2230 [1430 GMT] Mr Tang said.

One warning shot was fired and seven armed officers boarded the East Wood and demanded to check papers and cargo.

They left seven minutes later and the ship continued north. None of the crew was injured.

Government sources said yesterday that they also feared the ship was targeted for no other reason than it had been previously under detention.

"The sooner we are in a position to explain to the shipping industry what is going on, the better for everyone," a source said.

"But until the Chinese tell us why these ships are being targeted, we cannot do anything."

China has acknowledged it mistakenly entered Hong Kong waters during one of two recent incursions but there have been no replies to government and Foreign Office demands for explanations on why coastal freighters are being stopped.

China explained the latest incursion by saying it was on anti-smuggling patrols but sailors and Hong Kong shipping agents say all their cargoes are fully manifested.

However, a report yesterday from a Vietnamese newspaper says traders have discovered they can dodge Chinese import tariffs by shipping cars, trucks, and other merchandise to northeast Vietnam and truck it into China.

The LIBERATED SAIGON newspaper said Hon Gai had earned a reputation as a "hot spot" for car trafficking, with local authorities collaborating with smugglers in the lucrative trade.

The network was sophisticated, with Chinese companies ordering cars from Hong Kong firms and then hiring a firm in Quang Ninh province to transport them into China.

Evidence of the thriving "transit" business could be easily seen in Hon Gai, where parking lots were full of late-model cars, small trucks, and vans, the newspaper said.

According to Hon Gai Customs, 1,832 cars were shipped into the port in the three months ending August 20 by the 15 Quang Ninh companies licensed for "transit" trade.

In other cases, Vietnamese shippers skipped North Vietnam altogether and delivered their Hong Kong cargos directly to a secluded southern Chinese port.

A sailor was quoted as saying that shipping companies based all over Vietnam were rushing to Hon Gai to transport contraband merchandise.

Transport companies usually charged about 10 to 15 percent of the car's price. After paying "taxes" to various local authorities, the companies could net about U.S.\$100 per car.

PRC Official Criticizes Airport Financing Plan

HX1509073692 Hong Kong THE STANDARD
in English 15 Sep 92 p 1

[Text] China has strongly criticised the Government's existing financing plan for the new airport and said it was inconsistent with principles in the Memorandum of Understanding.

A Chinese Joint Liaison Group [JLG] Airport Committee member Hu Houcheng made the statement at a conference on the Chek Lap Kok airport funding arrangement organised by One Country Two Systems Institute.

His attack came just before the JLG's airport committee resumes talks tomorrow, deadlocked since April over the Chek Lap Kok airport funding arrangements.

Secretary for the Treasury Yeung Kai-yin said the Government was actively considering China's opinions and would give a cautious response tomorrow.

At the meeting last week, China asked the Government to increase direct investment in the airport project, especially the \$22.5 billion airport railway.

Mr Yeung stressed after the conference that the Government would not set a cap on the cost of the airport projects.

Describing the Government's funding plan as unreasonable, Mr Hu said it must be changed or the post-1997 administration would suffer.

China is unhappy the Government is borrowing heavily for the project.

State Councillor Li Tieying Meets Educators

OW1409133192 Beijing XINHUA in English
1242 GMT 14 Sep 92

[Text] Beijing, September 14 (XINHUA)—State Councillor Li Tieying met with a delegation from the Chinese

University of Hong Kong led by its Vice-Chancellor Charles K. Kao here this evening.

Li, also minister in charge of the State Education Commission, discussed with the visitors matters related to cooperation between the Chinese Mainland and Hong Kong in teaching, scientific research and personnel training.

The meeting was followed by a dinner hosted by Li in honor of the Hong Kong visitors.

NPC Vice Chairman Meets Commerce Delegation

*OW1209132992 Beijing XINHUA in English
1249 GMT 12 Sep 92*

[Text] Beijing, September 12 (XINHUA)—Chen Muhua, vice-chairman of China's National People's

Congress Standing Committee, today met with a delegation from the Chinese General Chamber of Commerce of Hong Kong, led by chairman of its ladies' sub-committee Wang Lei-kuan.

This is the first women's delegation sent by the chamber to the Chinese Mainland.

During the meeting, Chen, also president of the All-China Women's Federation, thanked them for their work to help the flood-stricken areas in east China last year.

The delegation arrived here this afternoon as guests of the federation.

During their six-day visit to the mainland they will call on the host federation and the Hong Kong and Macao Affairs Office under the State Council. They will also hold talks with woman social workers and entrepreneurs in the Chinese capital.

They are scheduled to visit Chengde later.

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